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Comprehensive Annual Financial Report 1988

MISSISSIPPI

Fiscal Year Ended June 30, 1988

State Fiscal Management Board
Post Office Box 267
Jackson, Mississippi 39205

Cecil C. Brown
State Fiscal Officer

December 6, 1988

To the Members of the Legislature and the Citizens of Mississippi:

It gives me great pleasure to subm~~it to you~~ this Comprehensive Annual Financial Report for the fiscal year ended June 30, 1988.

As this report shows, Mississippi's state government has a sound financial foundation.

Education is featured in the narrative of this report because it is at the very core of Mississippi's future. Education represents the doorway to progress in the 21st century.

This report reemphasizes the commitment of Mississippi's leadership to an educational system second to none. Quite simply, investing in human capital through our educational system is good business, and it must always be recognized as such.

A number of advances in our state's educational system are described in this narrative, and I am confident that I can describe even greater progress in next year's report.

Sincerely,

RAY MABUS
Governor

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STATE OF MISSISSIPPI
RAY MABUS
GOVERNOR

December 5, 1988

To The Governor:

It is my pleasure to transmit to you the Comprehensive Annual Financial Report (CAFR) of the State of Mississippi for the year ended June 30, 1988 as provided in Section 27-104-4, Miss. Code Ann. (1972). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations in the CAFR, including all disclosures, rests with the State. I believe the information as presented is accurate in all material aspects and is presented in a manner designed to set forth the financial position and results of operations of the State of Mississippi in accordance with generally accepted accounting principles. The financial presentations in the CAFR are meant to show the financial activities of the fund types and account groups of the State. All disclosures necessary to enable a reader to gain maximum understanding of the State's financial activities have been included.

The 1988 Comprehensive Annual Financial Report is presented in three sections: the introductory section which provides summary financial data and narrative commentary on matters of interest to the reader; the financial section which includes the State Auditor's report, audited general purpose financial statements and notes thereto, and underlying combining and individual fund financial statements and supporting schedules; and the statistical section, which sets forth unaudited statistical trend information. This final section presents demographic and economic data that provides information regarding the general economic condition of the State.

The Comprehensive Annual Financial Report presents information on the financial position and operations of State government as one reporting entity. The various agencies, departments, boards, commissions and funds of Mississippi State government which constitute the State reporting entity are included in this CAFR following criteria established by the Governmental Accounting Standards Board. The criteria for inclusion in the State reporting entity are fully discussed in Note 1B.

The State's Universities are reported as a "discrete presentation" in a separate fund category on the balance sheet. The University Fund's Combined Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers, and Changes in Fund Balances is presented separately within the general purpose financial statements in conformity with applicable generally accepted accounting principles.

ECONOMIC OUTLOOK

Calendar year 1988 will represent a second consecutive year of strong economic growth for Mississippi, with the manufacturing sector continuing to be a primary source of the State's economic strength. Manufacturing jobs are projected to rise 2.5% for the year with manufacturing output expanding 4.5%. Over the next several years, State employment and income growth are expected to continue to grow as our economy continues to diversify with areas of opportunity including tourism, enterprise creation, exports, and foreign investment.

A continuing change in the State's economy is expected over the next ten years. The increasingly global economy and a slowly shrinking labor pool are basic forces generating change both nationally and regionally. Mississippi anticipates several positive developments based on our commitment to education, improvements to infrastructure, and our central location. Among those developments is the expectation that continued strong productivity growth in new manufacturing operations will stimulate steady gains in real wages. Also anticipated is further decline of the State's unemployment rate and an increase of per capita income due to in-migration and a stronger, more diverse economy. Mississippi per capita income is forecast to make advances on the national figures over the next ten years.

ACCOMPLISHMENTS AND FUTURE INITIATIVES

During the past Legislative session, the Governor proposed and the Mississippi Legislature approved the largest pay increase for teachers anywhere in the nation. More than 80% of all new revenue for the budgetary general fund this year went to education. Our post-secondary institutions also received the largest budget increase of any system in the nation.

In October 1988, the Governor delivered to the Legislature his recommendations for reorganization of the executive branch of State government. These recommendations were based on a report of the Executive Branch Reorganization Study Commission, which was appointed by the Governor pursuant to authorization of the Legislature during its 1988 regular session. The Governor's core proposal provides for eleven major departments in the executive branch, consolidating agencies with similar and complementary programs resulting in enhanced services and dollar savings. These core recommendations start the process of reorganization and create an executive branch that can begin to more fully respond to the needs of the citizens of Mississippi. It is anticipated that the Legislature will consider the Governor's recommendations during its 1989 regular session.

In 1988, Mississippi was one of the first states to expand medical coverage to thousands of mothers and newborn children. The Governor has recommended that an additional $24,000,000 be placed in Medicaid, an amount that will be matched by nearly $100,000,000 in federal funds. The Governor's recommendations include a substantial expansion of Medicaid coverage and benefits, including immediate coverage for approximately 10,000 newly eligible individuals, a 45% increase in the reimbursement rates for physicians' fees, and a doubling of the number of covered hospital days for all covered participants. These expanded benefits will have a substantial impact on the quality of health care available to Mississippians throughout the State.

We have launched a revolutionary reform of government at the county level. On election day, 62% of our voters approved county reform. Forty-eight of our counties, a strong majority, said "yes" to a change that will help ensure a more efficient, corruption-free government.

The State has recently undertaken an effort to implement a new, expanded Statewide Automated Accounting System to satisfy the requirements of all state agencies, including central fiscal control departments. The new system will be implemented in stages with the first stage to be centrally effective July 1, 1989, and subsequently to be made available to and implemented by all state departments. The new system will provide increased productivity and controls and better information for management decisions.

In May, the governors of Mississippi, Arkansas, and Louisiana met on a barge in the middle of the Mississippi River. They met to sign an economic agreement that puts the power and strength of the three states behind efforts to expand opportunities in the region. Subsequent to the signing of that agreement, they took a joint trip to Japan where invaluable contacts were made that could result in future trade and investment in our region.

Mississippi was a leader in the first wave of education reform. Now it is time for the second wave, and we are committed to seeing Mississippi lead the way again.

We are developing a strategy to re-invent education in our State - to make it responsive to the new reality and requirements of a rapidly changing time. We are launching a new effort in remedial education because students should not graduate from school without knowing what they should have learned in school. A diploma has to represent achievements, not time served.

This year we have begun working toward an ambitious adult literacy effort to help those individuals who have been left out, or left behind, reclaim their promise. This year alone, we have established the Governor's Office for Literacy, The Mississippi Literacy Coalition and The Mississippi Literacy Foundation.

We understand that government cannot - and should not - do everything. But government does have a positive role to play. With a true partnership between branches of government, the public and private sectors, elected officials and the people who elected them, we can progress together.

FINANCIAL INFORMATION

Agency directors are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow preparation of financial statements in conformity with generally accepted accounting principles.

In developing and modifying the State's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. I believe that the State's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGETING CONTROLS

In addition, the State maintains budgetary controls. The State's annual budget is prepared on the cash basis utilizing encumbrance accounting. After approval of the budget by the Legislature, budgetary control is maintained by a formal appropriation and allotment system. The allotment control is designed as a management tool to enable agencies to operate on a continuing basis. Encumbrances, represented by executed but unperformed purchase orders, are recorded as expenditures for budgetary purposes if submitted for payment within the 60-day lapse period, and as a reservation of fund balance for GAAP purposes. Budget and actual expenditure amounts are recorded in the Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds. Unexpended appropriations are available for subsequent expenditure only to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 60-day lapse period. Lapse period expenditures are reported as expenditures in the current year budgetary presentation.

General Government Functions

Most State functions are financed through the governmental fund types, which include the general, special revenue, capital projects, and debt service funds. Revenues from governmental fund type sources for fiscal year 1988 and the changes from the prior fiscal year are summarized in the following tabulation:

Revenues by Source	Amount	Increase (Decrease) over FY 1987	Percent of Total 1988	Percent of Total 1987
State taxes	$2,108,761,067	$172,446,836	54.3	53.7
Licenses, fees and permits	67,951,375	2,527,653	1.8	1.8
Interest on investments	51,286,199	10,642,460	1.3	1.1
Federal government	1,466,436,992	108,778,883	37.8	37.7
Departmental services	144,438,159	(4,616,434)	3.7	4.1
Other	41,862,927	(15,573,627)	1.1	1.6
	$3,880,736,719	$274,205,771	100.0	100.0

Tax rates have not changed; the increase in tax revenues shows a stable and growing economy in Mississippi. The increase in State taxes are from individual, corporate and sales taxes. Federal government revenues coming into the State show a substantial dollar increase. The Medicaid program had an increase of $56,000,000 in grants, while Department of Education programs increased $22,000,000 and welfare programs increased $29,000,000.

Expenditures from governmental fund type sources for fiscal year 1988 and the changes from the prior fiscal year are summarized in the following tabulation:

Expenditures by Function	Amount	Increase (Decrease) over FY 1987	Percent of Total 1988	Percent of Total 1987
General government	$ 576,093,352	$ 12,729,886	16.1	17.1
Education	1,079,384,591	89,233,728	30.2	30.0
Health and social services	1,210,532,946	119,040,433	33.9	33.1
Law, justice and public safety	141,321,027	12,399,336	4.0	3.9
Recreation and resources development	76,166,478	4,979,595	2.1	2.1
Regulation of business and professions	12,529,439	838,205	.4	.4
Transportation	368,511,759	22,625,000	10.3	10.5
Debt service	69,634,960	(1,220,796)	1.9	2.2
Capital outlay	39,802,947	15,890,234	1.1	.7
	$ 3,573,977,499	$276,515,621	100.0	100.0

Expenditures for 1988 increased 8.4% over 1987, representing the impact of inflation and normal growth in the economy. The State has focused attention on education. In addition to the amounts indicated above, the State also contributed $262,000,000 to higher education, which is classified as an operating transfer from the General Fund to the University Funds. The significant increase in capital expenditures results from construction of National Guard armories by the Military Department and construction of facilities at the State penitentiary.

General Fund Balance

The State's GAAP General Fund Balance of $589,000,000 at June 30, 1988 demonstrates fiscal conservatism and the result of prudent fiscal practices. The fund balance represents a 26.5% increase from June 30, 1987.

Included in the GAAP General Fund are two statutory funds, the General Fund Stabilization Reserve Fund and the General Fund Reserve Fund, in which certain surplus monies are deposited and may be appropriated by the Legislature to meet unforeseen revenue shortfalls occurring during the next fiscal year. The balances available within these funds aggregate $24,000,000 at June 30, 1988. No additional contributions for 1988 are planned during 1989 as criteria for transfer has not been met. In addition, there is a Working Cash Balance Revolving Fund with a balance of $36,000,000 that the State Treasurer may draw upon to meet cash flow needs.

Enterprise Operations

Combined operating revenues for the State's enterprise funds were $126,000,000 for fiscal 1988. Combined operating expenses were $125,000,000 during the same period. Outstanding enterprise fund bonds at June 30, 1988 totaled $927,000,000, consisting of $20,000,000 in general obligation bonds and $907,000,000 in revenue bonds.

Pension Trust Fund Operations

Total assets of the State's two pension trust funds to which the State as an employer contributes amounted to $4,109,000,000 at June 30, 1988. The actuarial report noted that progress in funding continued. The unfunded pension benefit obligations of the Public Employees' Retirement System and of the Mississippi Highway Safety Patrol Retirement System was $794,000,000 and $12,000,000, respectively, as of June 30, 1988. The unfunded liability liquidation periods for the plans are 17 and 12 years, respectively.

Debt Administration

The State Bond Commission, composed of the Governor, State Attorney General and State Treasurer, approves and authorizes the sale and issuance of all bonds in accordance with authorizing legislation and within the defined constitutional debt limit. The total outstanding general obligation bonded indebtedness of governmental fund types for the State as of June 30, 1988 was $494,000,000, which is 14.5% of the $3,415,000,000 bonded indebtedness ceiling established by the State constitution. Mississippi currently has a rating of Aa from Moody's Investors Services and a rating of AA- from Standard and Poor's Corporation.

During the fiscal year ending June 30, 1988, the State Bond Commission issued $114,000,000 in general obligation bonds. These bond issues include $10,000,000 for construction and renovation of school buildings, $57,000,000 for construction of State correctional facilities, $12,000,000 for the construction of causeway and waterfront areas, and $35,000,000 under the Mississippi Business Investment Act to provide for a municipal airport lease, infrastructure expansion of manufacturing facilities, and improvements and facilities for a naval homeport.

The Mississippi Business Investment Act of 1986 was created to promote business and economic development in the State through State assistance in financing job producing projects. This is accomplished by the State providing loans (including interest free loans) and grants to municipal governments located within the State to assist in securing strategic investments by private companies and others locating or expanding in the State. In fiscal 1988 the State provided $2,000,000 in interest free loans, $3,000,000 in interest bearing loans and $200,000 in grants to finance projects in Mississippi.

The constitutional debt limitation for fiscal year 1989 is $3,553,000,000.

The following table provided by the State Fiscal Management Board forecasts the State's estimated underlying revenues for the next five years and the subsequent year debt limitation:

Year Ending June 30	Estimated Revenues	Constitutional Debt Limit
1989	$2,483,207,777	$3,724,811,665
1990	2,603,643,354	3,905,465,031
1991	2,729,920,056	4,094,880,084
1992	2,862,321,178	4,293,481,767
1993	3,001,143,755	4,501,715,632

Current practice restricts revenues included in the foregoing debt limitation computation to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges including net income from the Alcoholic Beverage Control Division, fines, forfeits and penalties. Revenues shown in the preceding table were calculated by applying Percent Change of State and Local Receipts, Table 7.1, June 1988, Wharton Econometric Forecasting Associates to actual data for the year ended June 30, 1988.

Cash Management

It is the duty of the State Treasurer and the State Fiscal Officer, on or before the tenth day of each month and at any other time when necessary, to analyze the amount of cash in the State General Fund and in the Special Funds credited to any special purpose designated by the Legislature. They also determine when the cash in such funds is in excess of the amount needed to meet current needs. The State Treasurer's Office in turn deposits such excess funds with official depositories of the State. Short-term certificates of deposit which are fully collateralized are purchased at a rate of interest which is statutorily required to be numerically equal to the discount rate on United States Treasury bills of comparable maturity. In addition, the Public Employees' Retirement System, Mississippi Housing Finance Corporation and a small number of other State agencies carry out investment activities separate from the State Treasurer.

The State's available resources are invested in Mississippi bank certificates of deposits and repurchase agreements with rates approximating the U.S. Treasury bill discount rate for those with comparable maturities. The twelve month Federal Reserve's Constant Maturities Index (CMI) average yield rate is approximately 7.1% for the twelve months ending June 30, 1988. The twelve month CMI average is comprised of all U.S. Treasury notes, bonds and bills with one year left to maturity. The pension trust fund's total portfolio achieved an approximate yield rate of 3.4% as compared to a median rate of return for other states' retirement plan investments of 1.3% for this same period. The State earned interest revenue of $395,000,000 on all investments for the year ended June 30, 1988.

Risk Management

The State is conducting a feasibility study of a pooling arrangement to cover possible liability exposure for all State agencies. This pooling would provide coverage for tort risks to which State agencies may be subject. Money contributed to the pool would be used to provide claims handling, loss control, and litigation defense for such claims of negligence brought against a State agency. This pooling arrangement is contingent upon the passage of legislation abolishing sovereign immunity for the State.

Other Information

Independent Audit. Pursuant to Section 7-7-211(d), Miss. Code Ann. (1972), the State Auditor has performed an examination, in accordance with generally accepted auditing standards, of the State's combined financial statements. His unqualified opinion is presented as the first page of the financial section of this report.

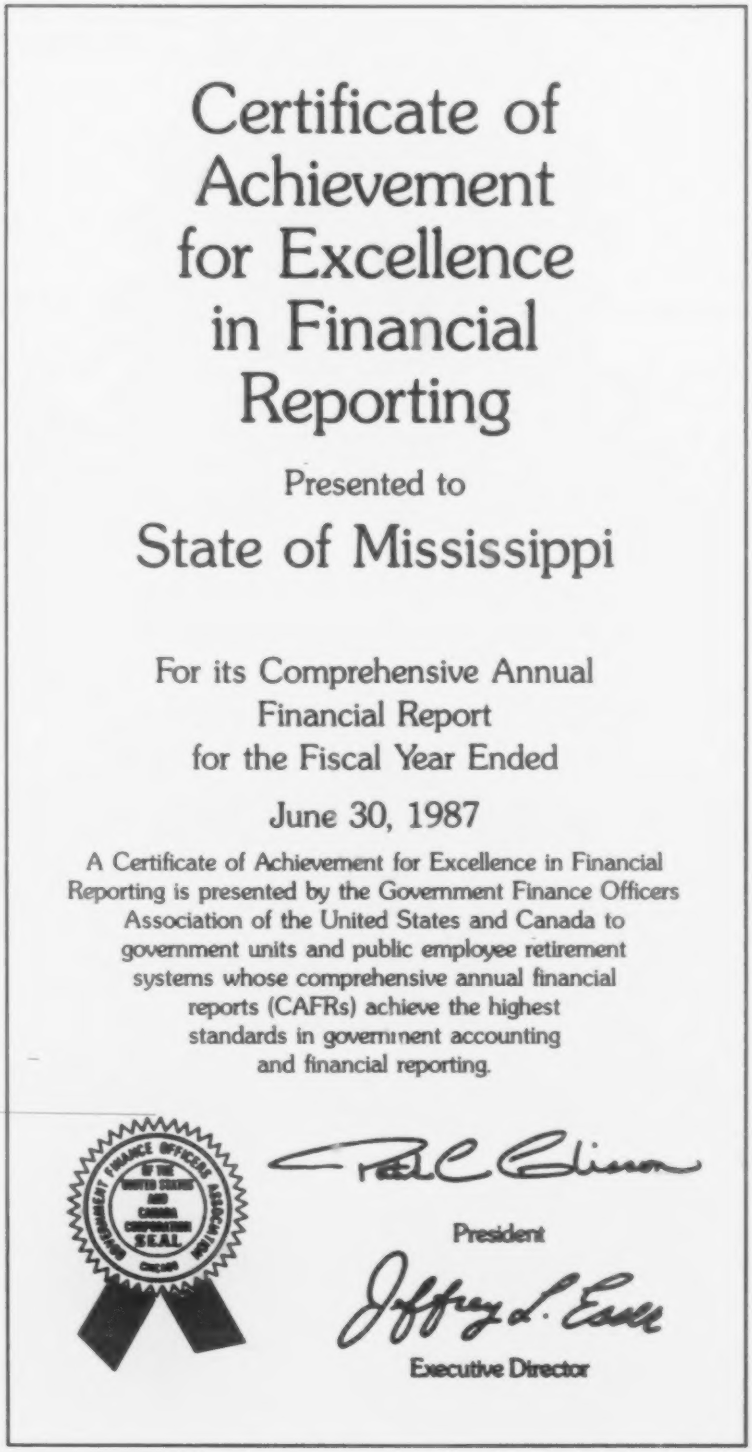
As required by federal law, the State Auditor has undertaken a single audit of the State as a whole, which will include a legal compliance report on all federal funds received and expended by State government. This report, including the Schedule of Federal Financial Assistance received by the State, and comments on internal accounting controls and compliance with laws, rules and regulations, will be published separately.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Mississippi for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1987. This was the first year that the State has received this prestigious award. In order to be awarded a Certificate of Achievement, the State published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. Preparation of this report on a timely basis was made possible by the dedicated services of the staff of the Fiscal Management Board with the cooperation and support of the Department of Audit and the various agency heads and employees who assisted and contributed to its preparation.

Cecil C Brown
Cecil C. Brown
State Fiscal Officer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 1987

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Jeffrey L. Esser

Executive Director

Toward Prosperity

Mississippi is moving as never before to prepare its citizens to compete in the high-technology, information age. The state has set its sights high with the goal of leading the nation in areas such as education and economic development.

At the forefront of this effort is Governor Ray Mabus, who in his January 1988 inaugural speech proclaimed a new day for Mississippi. He called it "a day of hope and destiny."

"A new day demands a new and uncompromising drive for the very best in education," Governor Mabus said. "We will not have first class schools if we give them second rate resources. We will not move ahead economically if we are stalled educationally."

Toward this end, the 1988 Mississippi Legislature made an unprecedented show of support for public education. Building on the historic Education Reform Act of 1982 which sparked reform movements in state legislatures across the nation, lawmakers boosted teachers' salaries by 19 per cent, bringing Mississippi in line with the regional average.

The Legislature also supported Governor Mabus' recommendation for the state's system of community and junior colleges by increasing appropriations 20 per cent, with 90 per cent of the increase allotted to salaries for faculty and support personnel— a record gain for the two-year colleges.

Further, the Legislature increased funding for Mississippi's universities by 20 per cent— marking the largest dollar amount increase for institutions of higher learning in the state's history and the largest percentage increase in the nation over a two-year period.

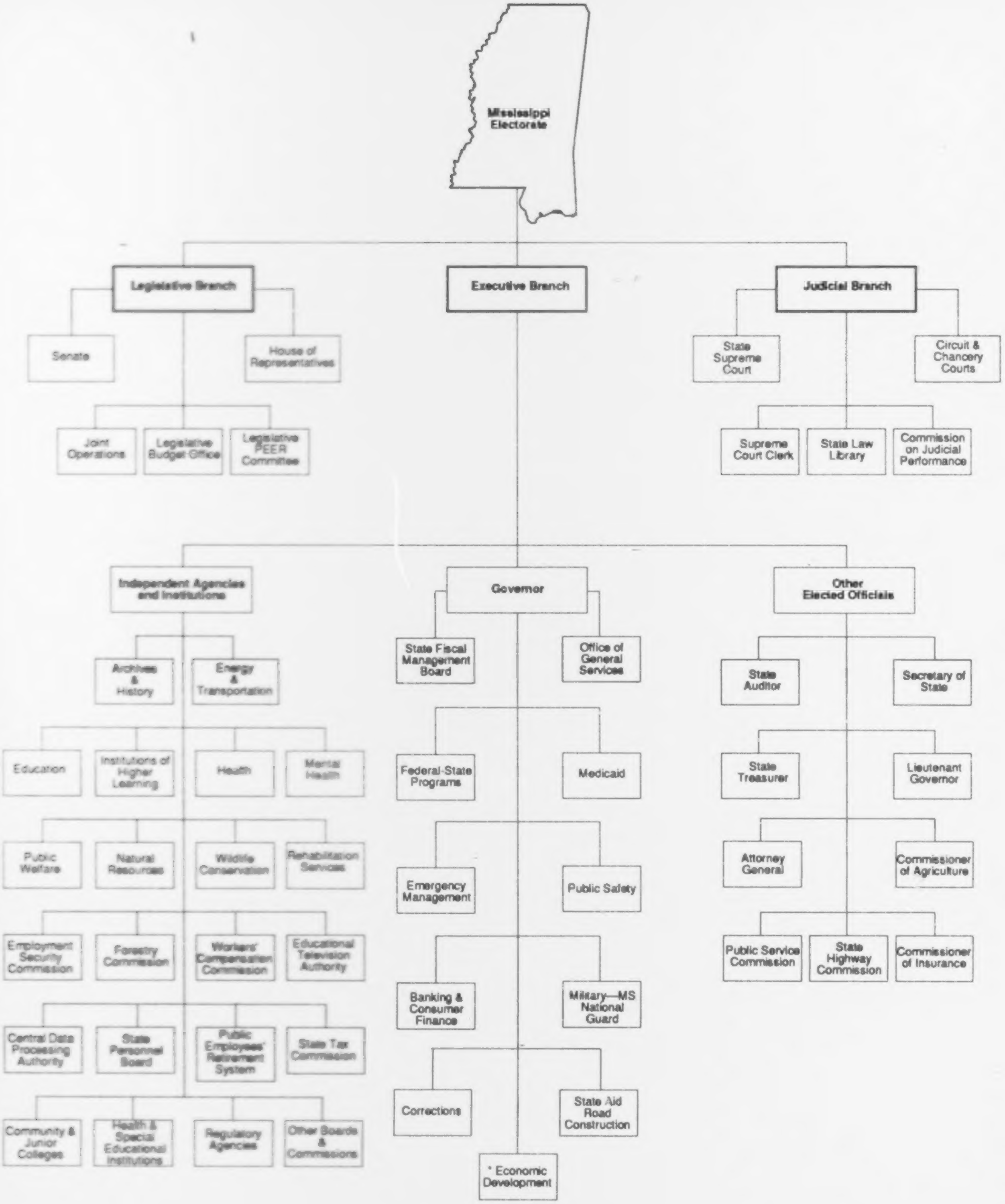
Mississippi's leaders have put the state's money where it counts, investing in human capital. A full 65 per cent of budgetary general funds goes into education. This prudent use of limited resources represents vision and a sense of purpose. From the governor down, Mississippi's leaders believe it is good business to invest in education now because it will pay certain dividends in the future.

"To any who say we cannot afford the price of better schools, we reply: Mississippi can't afford the cost of ignorance, illiteracy, and wasted talent. A new day in our state means a new prosperity for all our people," said Governor Mabus at his inauguration.

Continued on page 18.

State of Mississippi

Organization Chart


Mississippi Electorate
Legislative Branch
Executive Branch
Judicial Branch
Senate
House of Representatives
Joint Operations
Legislative Budget Office
Legislative PEER Committee
State Supreme Court
Circuit & Chancery Courts
Supreme Court Clerk
State Law Library
Commission on Judicial Performance
Independent Agencies and Institutions
Governor
Other Elected Officials
Archives & History
Energy & Transportation
Education
Institutions of Higher Learning
Health
Mental Health
Public Welfare
Natural Resources
Wildlife Conservation
Rehabilitation Services
Employment Security Commission
Forestry Commission
Workers' Compensation Commission
Educational Television Authority
Central Data Processing Authority
State Personnel Board
Public Employees' Retirement System
State Tax Commission
Community & Junior Colleges
Health & Special Educational Institutions
Regulatory Agencies
Other Boards & Commissions
State Fiscal Management Board
Office of General Services
Federal-State Programs
Medicaid
Emergency Management
Public Safety
Banking & Consumer Finance
Military—MS National Guard
Corrections
State Aid Road Construction
* Economic Development
State Auditor
Secretary of State
State Treasurer
Lieutenant Governor
Attorney General
Commissioner of Agriculture
Public Service Commission
State Highway Commission
Commissioner of Insurance

* Effective July 1, 1988

Officials of State Government

Executive Branch

Governor
Ray Mabus

Lieutenant Governor
Brad Dye

Secretary of State
Dick Molpus

State Auditor
Pete Johnson

State Treasurer
Marshall Bennett

Attorney General
Mike Moore

Commissioner of Agriculture and Commerce
Jim Buck Ross

Commissioner of Insurance
George Dale

State Highway Commissioners
Ronnie Shows*
Zach Stewart
Sam W. Waggoner

State Public Service Commissioners
Nielsen Cochran
D. W. Snyder
George T. Watson

State Fiscal Officer
Cecil C. Brown

Legislative Branch

Speaker of the House of Representatives
Tim Ford

Speaker Pro Tempore of the House of Representatives
Cecil L. Simmons

President Pro Tempore of the Senate
Glen S. Deweese

Secretary of the Senate
Charles H. Griffin

Clerk of the House of Representatives
Charles J. Jackson, Jr.

Legislative Budget Office
Robert A. Greenlee, Director

Joint Legislative Committee on Performance Evaluation and Expenditure Review
John W. Turcotte, Director

Judicial Branch

Supreme Court of Mississippi

Chief Justice
Roy Noble Lee

Presiding Justice
Dan M. Lee

Presiding Justice
Armis E. Hawkins

Justice
Lenore L. Prather

Justice
James L. Robertson

Justice
Michael Sullivan

Justice
Reuben Anderson

Justice
J. Ruble Griffin

Justice
Joseph Zuccaro

Clerk of the Supreme Court of Mississippi
Sue Gordon

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*Elected on August 20, 1988 to fill a vacancy

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

PETE JOHNSON
STATE AUDITOR

POST OFFICE BOX 956
JACKSON, MISSISSIPPI 39205-0956
(601)359-3561

INDEPENDENT AUDITOR'S REPORT

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited the accompanying general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 1988, as listed in the table of contents. The general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Mississippi as of June 30, 1988, and the results of its operations and the changes in financial position of its proprietary fund types and its nonexpendable and pension trust funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the general purpose financial statements, the State changed its accounting for compensated absences in the university funds in the year ended June 30, 1988.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and related schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical and economic data listed in the table of contents were not audited by us, and accordingly, we do not express an opinion thereon.

Pete Johnson

Pete Johnson
State Auditor

Ramona Hill

Ramona Hill, CPA
Director, Department of Audit

Jackson, Mississippi
December 2, 1988

Education Reform Act of 1982: Measured Gains

For more than five years the State of Mississippi has been engaged in a quiet revolution, systematically rethinking and restructuring the manner in which we are educating the next generation of Mississippians. The goal: to give our young people the skills required to be competitive in the national and world marketplace of the next century.

Guided by the tenets of the 1982 Education Reform Act, Mississippi has begun to make dramatic changes in the manner in which schools are operated. From the innovative use of teacher assistants in the early grades to enhance learning to the continuous development of five-year plans at both the district and state levels, Mississippi has addressed a wide array of key areas in public education.

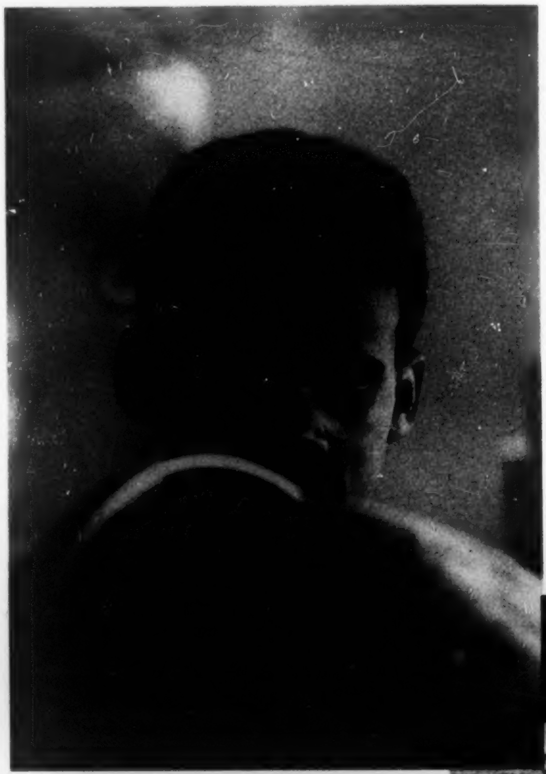
Some of the changes reinforce the importance of early childhood education, most notably the establishment of full-day public school kindergartens. At the same time, the reform act put new muscle behind efforts to ensure that students enroll and remain in school.

No less important are provisions of the act to improve the quality of classroom teaching and greater accountability. These include new standards for teacher certification and professional development for administrators, teachers, and staff along with new procedures for school accreditation.

A state-developed curriculum incorporating performance objectives is now the basis for instruction statewide. Instructional management programs have introduced scope and sequence criteria to the curriculum so that performance can be more uniformly evaluated.

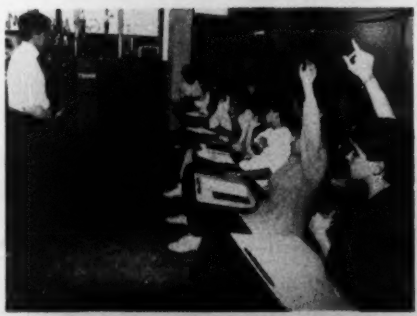
Statewide testing in grades 3, 4, 5, 6, 8, and 11 has helped us to identify children's weaknesses and target remediation efforts. And more exacting requirements for graduation have been set, including passing a functional literacy examination.

Although reform measures have only been in place a short time, already we have begun to see significant progress:



- Consistent gains have been made in reading, writing, and mathematics by third, fifth, and eighth graders on the Basic Skills Assessment Program test.
- Modest improvements have also been made by eleventh graders on the BSAP as well as on the Functional Literacy Examination.
- ACT college entrance examination scores have risen for juniors and seniors, with the increase from 1985 to 1986 ranking as the highest of any state in the nation.
- And on another important scale, the high school graduation rate is showing a steady, positive growth, and, conversely, the dropout rate is declining.

Perhaps the most meaningful signs of progress, however, come when Mississippi's children are compared to their counterparts throughout the country. In 1987, our state's fourth and sixth graders were performing at the national mean on nationally standardized tests. Ten years ago they compared very unfavorably. Clearly, the investment is paying great dividends.



Continued on page 102.

General Purpose Financial Statements

All Fund Types and Account Groups

Combined Balance Sheet
June 30, 1988

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets:				
Cash and cash equivalents	$ 485,194,206	$ 85,289,658	$ 15,694,075	$ 58,903,221
Amount on deposit with U.S. Treasury				
Investments	137,000,000	315,220	94,443,002	
Collateral held under reverse repurchase agreements				
Receivables, net	315,976,650	15,613,005	1,075,415	2,413
Interfund receivables	5,824,420	5,769,555	15	313,062
Inventories	134,353,020	709,455		
Prepaid expenses				
Loans and notes receivable	15,868,135	1,001,881	68,870,000	
Loans to other funds	94,533			
Restricted assets				
Property, plant and equipment, net				
Deferred charges and other assets				
Amounts available:				
Designated for debt service				
Available on collection of long-term loan				
Amounts to be provided for retirement of:				
General obligation bonds				
Limited obligation bonds				
Other obligations				
Total Assets, Amounts Available and Amounts to be Provided for Retirement of Long-term Obligations	$ 1,094,310,964	$ 108,698,774	$ 180,082,507	$ 59,218,696
Liabilities:				
Warrants payable	$ 110,795,254	$ 9,206,943	$ 124,074	$ 1,248,136
Accounts payable and accruals	114,264,759	3,677,658		
Income tax refunds payable	60,000,000			
Due to other governments	86,303,795	8,528,679		
Interfund payables	13,340,605	4,675,088	271,998	
Amounts held in custody for others				
Obligations under reverse repurchase agreements				
Deferred revenues	120,202,427	6,903,836		
Liabilities payable from restricted assets				
Loans and notes payable				
Loans from other funds	125,720	136,472		
General obligation bonds and notes payable				
Limited obligation bonds payable				
Revenue bonds and notes payable				
Other obligations				
Total Liabilities	505,032,560	33,128,676	396,072	1,248,136
Fund Equity:				
Contributed capital				
Investment in fixed assets				
Retained earnings:				
Reserved for bond retirement				
Unreserved				
Fund balances:				
Reserved for:				
Encumbrances	12,741,117	3,599,202		
Inventories	31,017,382	709,455		
Long-term portion of loans, notes, and other receivables	16,120,849	654,528	68,870,000	
Pension benefits				
Other specific purposes				
Unreserved:				
Designated for debt service	1,568,513		110,816,435	
Designated for road and highway construction	187,128,587			
Designated for future capital projects				57,970,560
Designated for other specific purposes	108,175,228	276,584		
Undesignated	232,526,728	70,330,329		
Total Fund Equity	589,278,404	75,570,098	179,686,435	57,970,560
Total Liabilities and Fund Equity	$ 1,094,310,964	$ 108,698,774	$ 180,082,507	$ 59,218,696

The accompanying notes to the financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	University	General Fixed Assets	General Long-term Obligations	June 30, 1988	June 30, 1987
$ 282,046,603	$ 7,903,192	$ 77,165,755	$ 132,230,371	$	$	$ 1,144,427,081	$ 1,003,708,256
		366,541,780				366,541,780	358,973,618
179,126,322		3,387,644,150	18,657,972			3,817,186,666	3,255,175,260
		640,520,100				640,520,100	662,508,008
51,965,278	100,994	135,414,676	61,930,389			582,078,820	574,577,199
336,722	1,473,685	163,770,831	17,742,494			195,230,784	116,168,358
3,911,894		142,758	12,204,060			151,321,187	126,181,210
110,099	4,547		5,762,330			5,876,976	3,465,328
543,175,645			39,836,837			668,752,498	660,318,057
		262,192				356,725	3,083,289
113,610						113,610	1,032,741
33,063,970	5,723,445	4,552,443	816,783,830	787,632,701		1,647,756,389	1,532,096,435
11,457,071			3,282,992			14,740,063	19,327,153
					112,384,948	112,384,948	89,251,316
					80,987,791	80,987,791	68,870,000
					208,252,228	208,252,228	131,307,710
					96,601,776	96,601,776	123,379,637
					49,056,828	49,056,828	40,461,012
$1,105,307,214	$ 15,205,863	$ 4,776,014,685	$ 1,108,431,275	$ 787,632,701	$ 547,283,571	$ 9,782,186,250	$ 8,769,884,587
$ 859,954	$ 851,961	$ 841,919	$ 10,190,169	$	$	$ 134,118,410	$ 93,859,671
25,480,434	503,349	29,972,646	44,041,617			217,940,463	200,536,931
						60,000,000	70,000,000
754	5,000	772,871				95,611,099	70,743,730
311,778	647,169	159,751,824	16,232,322			195,230,784	116,168,358
		122,339,776	2,069,674			124,409,450	116,178,239
		640,520,100				640,520,100	662,508,008
164,255		25,772	14,240,373			141,536,663	125,040,698
51,737						51,737	94,018
938,000						938,000	1,076,500
94,533						356,725	3,083,289
20,247,000			10,624,000		294,180,845	325,051,845	238,360,000
					204,045,898	204,045,898	208,104,663
907,313,918			32,787,600			940,101,518	852,894,709
489,054	785,042	51,639	10,471,222		49,056,828	60,853,785	52,625,413
955,951,417	2,792,521	954,276,547	140,656,977		547,283,571	3,140,766,477	2,811,274,227
50,006,192						50,006,192	50,033,369
			765,887,340	787,632,701		1,553,520,041	1,341,747,837
61,873						61,873	938,723
99,287,732	12,413,342					111,701,074	102,881,592
						16,340,319	10,335,605
						31,726,837	29,691,495
		262,192				85,907,569	88,167,667
		3,372,099,185				3,372,099,185	3,001,720,259
		448,645,370	149,352,588			597,997,958	524,916,076
						112,384,948	89,251,316
						187,128,587	131,083,397
						57,970,560	21,376,075
						108,451,812	108,373,375
		731,391	52,534,370			356,122,818	458,093,574
149,355,797	12,413,342	3,821,738,138	967,774,298	787,632,701		6,641,419,773	5,958,610,360
$1,105,307,214	$ 15,205,863	$ 4,776,014,685	$ 1,108,431,275	$ 787,632,701	$ 547,283,571	$ 9,782,186,250	$ 8,769,884,587

All Governmental Fund Types and Expendable Trust Funds

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
For the Year Ended June 30, 1988

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$ 2,108,586,067	$ 175,000	$	$
Licenses, fees and permits	39,697,401	28,253,974		
Employer premiums				
Federal government	1,243,728,139	210,489,488		12,219,365
Interest	38,370,926	2,678,798	10,236,475	
Departmental services	141,431,895	3,006,264		
Rentals	4,257,218	417,718	578,951	
Payments in lieu of taxes				
Court assessments		1,916,961		
Other	30,472,943	4,129,115	87,746	2,275
Total Revenues	3,606,544,589	251,067,318	10,903,172	12,221,640
Expenditures:				
Current:				
General government	473,570,540	102,522,812		
Education	1,079,023,944	360,647		
Health and social services	1,134,287,823	76,245,123		
Law, justice and public safety	125,936,880	15,384,147		
Recreation and resources development	55,965,412	20,201,066		
Regulation of business and professions		12,529,439		
Transportation	358,253,352	10,258,407		
Debt service:				
Principal	20,901,363	426,457	17,826,000	
Interest and other fiscal charges	7,143,913	117,528	23,219,699	
Capital outlay				39,802,947
Total Expenditures	3,255,083,227	238,045,626	41,045,699	39,802,947
Excess of Revenues over (under) Expenditures	351,461,362	13,021,692	(30,142,527)	(27,581,307)
Other Financing Sources (Uses):				
Proceeds from general obligation bond and note issues	61,901,845			56,433,981
Proceeds of capital leases	8,495,856	177,910		
Operating transfers in	43,817,460	68.117,030	54,110,841	25,660,712
Operating transfers out	(345,424,706)	(92,272,269)	(2,203,763)	(17,918,901)
Net Other Financing Sources (Uses)	(231,209,545)	(23,977,329)	51,907,078	64,175,792
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	120,251,817	(10,955,637)	21,764,551	36,594,485
Fund Balances July 1	465,929,263	87,454,820	157,921,884	21,376,075
Residual Equity Transfer In (Out)	790,546	(790,546)		
Increase (Decrease) in Reserve for Inventories	2,306,778	(138,539)		
Fund Balances June 30	$ 589,278,404	$ 75,570,098	$179,686,435	$ 57,970,560

The accompanying notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only) for the Year Ended June 30, 1988	 June 30, 1987
$ 58,371,141	$ 2,167,132,208	$2,004,690,503
	67,951,375	68,864,112
56,582,647	56,582,647	54,305,819
3,177,621	1,469,614,613	1,361,069,040
32,847,008	84,133,207	76,243,721
	144,438,159	149,054,593
	5,253,887	5,399,593
		11,285,411
	1,916,961	12,320,796
383,667	35,075,746	25,255,671
151,362,084	4,032,098,803	3,768,489,259
55,550,069	631,643,421	614,938,175
	1,079,384,591	990,150,863
86,328,156	1,296,861,102	1,203,530,561
	141,321,027	128,921,691
	76,166,478	71,186,883
	12,529,439	11,691,234
	368,511,759	345,886,759
	39,153,820	44,393,771
	30,481,140	26,461,985
	39,802,947	23,912,713
141,878,225	3,715,855,724	3,461,074,635
9,483,859	316,243,079	307,414,624
	118,335,826	26,354,000
	8,673,766	3,250,240
	191,706,043	238,843,148
(486)	(457,820,125)	(493,447,679)
(486)	(139,104,490)	(225,000,291)
9,483,373	177,138,589	82,414,333
420,941,505	1,153,623,547	1,070,582,601
		50,000
	2,168,239	576,613
$ 430,424,878	$ 1,332,930,375	$1,153,623,547

All Budgetary Funds

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis)
For the Year Ended June 30, 1988

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales tax	$ 705,436,000	$ 723,106,141	$ 17,670,141
Individual income tax	330,042,000	339,770,237	9,728,237
Corporate income and franchise taxes	166,777,000	163,461,277	(3,315,723)
Use and wholesale compensating taxes	93,405,000	95,641,597	2,236,597
Tobacco, beer and wine taxes	77,388,000	77,888,520	500,520
Insurance tax	72,633,000	72,819,997	186,997
Oil and gas severance taxes	39,887,000	37,192,207	(2,694,793)
Alcoholic Beverages Control excise and privilege tax and net profit on sale of alcoholic beverages	33,398,000	32,258,194	(1,139,806)
Inheritance tax	12,000,000	15,712,866	3,712,866
Other taxes	9,180,362	8,505,044	(675,318)
Interest	21,700,000	23,861,890	2,161,890
Auto privilege, tag and title fees	8,071,136	8,284,689	213,553
Highway Safety Patrol fees	12,460,000	13,230,023	770,023
Other fees and services	8,380,000	7,375,308	(1,004,692)
Miscellaneous	6,456,502	7,245,526	789,024
Special Fund revenues			
Total Revenues	1,597,214,000	1,626,353,516	29,139,516
Expenditures by Major Budgetary Function:			
Legislative	11,013,584	10,163,363	850,221
Judicial and justice	19,556,083	19,187,996	368,087
Executive and administrative	10,861,137	10,226,218	634,919
Fiscal affairs	36,057,749	35,570,276	487,473
Public education	762,182,930	757,398,743	4,784,187
Higher education	278,911,002	278,909,622	1,380
Public health	116,819,486	116,816,888	2,598
Hospitals and hospital schools	75,264,642	75,246,152	18,490
Agriculture, commerce and economic development	55,145,154	54,921,222	223,932
Conservation and recreation	27,159,362	27,154,463	4,899
Insurance and banking	2,310,968	2,225,113	85,855
Corrections	66,904,095	66,355,903	548,192
Interdepartmental service	3,466,406	3,432,013	34,393
Social welfare	40,013,264	39,753,751	259,513
Public protection and veterans assistance	40,038,828	39,582,900	455,928
Local assistance	65,350,000	64,243,894	1,106,106
Motor vehicle and other regulatory agencies	3,743,546	3,742,944	602
Miscellaneous	1,921,062	1,744,154	176,908
Public works	3,080,188	3,047,235	32,953
Debt service	12,650,522	12,650,517	5
Total Expenditures	1,632,450,008	1,622,373,367	10,076,641
Excess of Revenues over (under) Expenditures	(35,236,008)	3,980,149	39,216,157
Other Financing Sources (Uses):			
Operating transfers in	19,000,000	15,233,285	(3,766,715)
Operating transfers out	(46,304,665)	(46,304,665)	
Investments redeemed or sold			
Investments purchased			
Excess of Revenues over (under) Expenditures and Other Financing Sources (Uses)	(62,540,673)	(27,091,231)	35,449,442
Budgetary Fund Balances July 1, 1987	115,645,912	115,645,912	
Reclassification Between Budgetary/Nonbudgetary Funds - Net			
Budgetary Fund Balances July 1, 1987, as Reclassified	115,645,912	115,645,912	
Budgetary Fund Balances June 30, 1988	$ 53,105,239	$ 88,554,681	$ 35,449,442

The accompanying notes to the financial statements are an integral part of this statement.

Special Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$	$	$	$ 705,436,000	$ 723,106,141	$ 17,670,141
			330,042,000	339,770,237	9,728,237
			166,777,000	163,461,277	(3,315,723)
			93,405,000	95,641,597	2,236,597
			77,388,000	77,888,520	500,520
			72,633,000	72,819,997	186,997
			39,887,000	37,192,207	(2,694,793)
			33,398,000	32,258,194	(1,139,806)
			12,000,000	15,712,866	3,712,866
			9,180,362	8,505,044	(675,318)
			21,700,000	23,861,890	2,161,890
			8,071,136	8,284,689	213,553
			12,460,000	13,230,023	770,023
			8,380,000	7,375,308	(1,004,692)
			6,456,502	7,245,526	789,024
1,901,827,514	1,574,171,056	(327,656,458)	1,901,827,514	1,574,171,056	(327,656,458)
1,901,827,514	1,574,171,056	(327,656,458)	3,499,041,514	3,200,524,572	(298,516,942)
			11,013,584	10,163,363	850,221
1,619,396	1,283,629	335,767	21,175,479	20,471,625	703,854
147,824,853	145,946,687	1,878,166	158,685,990	156,172,905	2,513,085
8,715,470	6,233,360	2,482,110	44,773,219	41,803,636	2,969,583
267,922,697	232,351,591	35,571,106	1,030,105,627	989,750,334	40,355,293
16,137,245	15,832,484	304,761	295,048,247	294,742,106	306,141
488,734,037	459,235,100	29,498,937	605,553,523	576,051,988	29,501,535
67,951,734	63,060,926	4,890,808	143,216,376	138,307,078	4,909,298
9,002,606	7,020,223	1,982,383	64,147,760	61,941,445	2,206,315
44,157,993	38,585,805	5,572,188	71,317,355	65,740,268	5,577,087
9,954,536	8,807,832	1,146,704	12,265,504	11,032,945	1,232,559
5,243,997	4,034,235	1,209,762	72,148,092	70,390,138	1,757,954
19,061,691	12,475,870	6,585,821	22,528,097	15,907,883	6,620,214
194,571,896	164,931,178	29,640,718	234,585,160	204,684,929	29,900,231
66,251,791	33,065,872	33,185,919	106,290,619	72,648,772	33,641,847
1,850,000	1,835,249	14,751	67,200,000	66,079,143	1,120,857
30,649,064	17,972,610	12,676,454	34,392,610	21,715,554	12,677,056
1,728,819	1,396,661	332,158	3,649,881	3,140,815	509,066
547,754,354	369,397,598	178,356,756	550,834,542	372,444,833	178,389,709
			12,650,522	12,650,517	5
1,929,132,179	1,583,466,910	345,665,269	3,561,582,187	3,205,840,277	355,741,910
(27,304,665)	(9,295,854)	18,008,811	(62,540,673)	(5,315,705)	57,224,968
46,304,665	46,304,665		65,304,665	61,537,950	(3,766,715)
(19,000,000)	(15,233,285)	3,766,715	(65,304,665)	(61,537,950)	3,766,715
	17,964,742	17,964,742		17,964,742	17,964,742
	(19,214,246)	(19,214,246)		(19,214,246)	(19,214,246)
	20,526,022	20,526,022	(62,540,673)	(6,565,209)	55,975,464
	121,363,719	121,363,719	115,645,912	237,009,631	121,363,719
	(6,325,096)	(6,325,096)		(6,325,096)	(6,325,096)
	115,038,623	115,038,623	115,645,912	230,684,535	115,038,623
$ 0	$ 135,564,645	$ 135,564,645	$ 53,105,239	$ 224,119,326	$ 171,014,087

All Proprietary Fund Types and Similar Trust Funds

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances For the Year Ended June 30, 1988

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only) for the Year Ended	
	Enterprise	Internal Service	Non-expendable Trust	Pension Trust	June 30, 1988	June 30, 1987
Operating Revenues:						
Charges for sales and services	$ 29,439,226	$ 13,079,802	$	$	$ 42,519,028	$ 42,329,789
Contributions				314,264,585	314,264,585	282,031,591
Interest and other investment income	88,869,112		1,133,024	213,809,877	303,812,013	413,387,576
Income from securities lending transactions				31,937,269	31,937,269	17,816,960
Rentals	326,801				326,801	308,243
Fees	5,214,201			1,075,060	6,289,261	4,911,319
Other	1,909,973		1,006,633	603,599	3,520,205	1,897,543
Total Operating Revenues	125,759,313	13,079,802	2,139,657	561,690,390	702,669,162	762,683,021
Operating Expenses:						
Costs of sales and services	14,819,155				14,819,155	14,262,839
Benefits				186,843,910	186,843,910	164,083,383
Refunds				28,924,236	28,924,236	33,612,614
Rebates on securities lending transactions				29,458,290	29,458,290	15,983,738
Administrative expenses	21,867,658	10,298,080	1,947	8,070,758	40,238,443	36,128,098
Interest	79,865,070	139,966			80,005,036	74,434,240
Depreciation and amortization	6,995,552	1,730,904		218,812	8,945,268	3,873,408
Other	1,094,854	5,492	1,750		1,102,096	1,287,177
Total Operating Expenses	124,642,289	12,174,442	3,697	253,516,006	390,336,434	343,665,497
Operating Income	1,117,024	905,360	2,135,960	308,174,384	312,332,728	419,017,524
Nonoperating Revenues	481,207			62,204,542	62,685,749	671,898
Nonoperating Expenses	179,606	64,533			244,139	58,285
Income Before Operating Transfers	1,418,625	840,827	2,135,960	370,378,926	374,774,338	419,631,137
Operating Transfers In	5,854,753	2,746,043	7,892	9,886,449	18,495,137	18,373,815
Operating Transfers Out	(675,118)	(2,242,498)	(2,013,000)	(9,886,449)	(14,817,065)	(10,312,899)
Net Income	6,598,260	1,344,372	130,852	370,378,926	378,452,410	427,692,053
Retained Earnings/Fund Balances July 1	92,751,345	11,068,970	19,083,223	3,001,720,259	3,124,623,797	2,697,266,758
Residual Equity Transfers						(335,014)
Retained Earnings/Fund Balances June 30	$ 99,349,605	$ 12,413,342	$ 19,214,075	$ 3,372,099,185	$ 3,503,076,207	$ 3,124,623,797

The accompanying notes to the financial statements are an integral part of this statement.

All Proprietary Fund Types and Similar Trust Funds

Combined Statement of Changes in Financial Position
For the Year Ended June 30, 1988

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only) for the Year Ended	
	Enterprise	Internal Service	Non-expendable Trust	Pension Trust	June 30, 1988	June 30, 1987
Sources of Working Capital:						
Operations:						
Net income	$ 6,598,260	$ 1,344,372	$ 130,852	$ 370,378,926	$ 378,452,410	$ 427,692,053
Items not requiring working capital:						
Depreciation and amortization	6,995,552	1,730,904		218,812	8,945,268	3,873,408
Amortization of discount and appreciation bonds	4,615,000				4,615,000	6,339,257
Other	27,481	62,194			89,675	133,923
Working Capital Provided by Operations	18,236,293	3,137,470	130,852	370,597,738	392,102,353	438,038,641
Proceeds from loan receipts	40,000				40,000	
Proceeds from sale of bonds	335,235,000				335,235,000	266,356,000
Proceeds from capital leases	4,022	124,750			128,772	1,204,768
Proceeds from sale of assets	133,724				133,724	185,504
Repayment of loans and notes receivable	73,889,904				73,889,904	39,454,524
Net decrease in restricted assets	919,131				919,131	3,192,955
Foreclosure of loans receivable	212,581				212,581	
Total Sources of Working Capital	428,670,655	3,262,220	130,852	370,597,738	802,661,465	748,432,392
Uses of Working Capital:						
Acquisition of property, plant and equipment	1,258,234	811,093		197,737	2,267,064	9,434,233
Decrease in long-term loans and other debt		573,703			573,703	1,807,410
Current installment and repayment of long-term debt	358,873,768				358,873,768	45,898,557
Issuance of new loans, net of change in current portion	82,662,989				82,662,989	122,431,298
Net decrease in current liabilities payable from restricted assets	42,281				42,281	
Bond issuance cost	32,305				32,305	1,212,813
Residual equity transfer						99,303
Other	212,581				212,581	84,622
Total Uses of Working Capital	443,082,158	1,384,796		197,737	444,664,691	180,968,236
Net Increase (Decrease) in Working Capital	$ (14,411,503)	$ 1,877,424	$ 130,852	$ 370,400,001	$ 357,996,774	$ 567,464,156
Elements of Net Increase (Decrease) in Working Capital:						
Cash and cash equivalents	$ (4,005,190)	$ 87,395	$ 20,091	$ (3,440,690)	$ (7,338,394)	$ 156,832,659
Investments	81,102,281			379,370,239	460,472,520	379,407,536
Collateral held under reverse repurchase agreements				(21,987,908)	(21,987,908)	314,382,474
Receivables, net	2,767,679	(80,767)	12,931	(16,002,184)	(13,282,341)	31,683,930
Interfund receivables	(310,693)	221,802	(3,203)	72,948,418	72,856,324	7,872,620
Inventories	803,803				803,803	(101,412)
Prepaid expenses	19,484	4,547			24,031	(9,084)
Loans and notes receivable - current portion	275,029				275,029	4,046,659
Other assets	(50,771)				(50,771)	737,103
Warrants payable	752,283	475,078		(175,910)	1,051,451	(1,773,239)
Accounts payable and accruals	2,379,014	318,442	(15,500)	10,210,247	12,892,203	4,884,429
Due to other governments	834,642	(5,000)			829,642	(435,396)
Interfund payables	(16,789)	(421,906)	116,533	(72,510,119)	(72,832,281)	(383,652)
Amounts held in custody for others						600
Obligations under reverse repurchase agreements				21,987,908	21,987,908	(314,382,474)
Deferred revenues	4,438,909				4,438,909	(2,002,524)
Loans and notes payable - current portion						25,080
Current portion of long-term debt	(103,187,488)	1,277,833			(101,909,655)	(13,460,726)
Other liabilities	(233,696)				(233,696)	139,573
Net Increase (Decrease) in Working Capital	$ (14,411,503)	$ 1,877,424	$ 130,852	$ 370,400,001	$ 357,996,774	$ 567,464,156

The accompanying notes to the financial statements are an integral part of this statement.

Combined Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers, and Changes in Fund Balances
For the Year Ended June 30, 1988

	Current Funds		Fiduciary Funds	
	Unrestricted	Restricted	Loan	Endowment and Similar
Revenues and Other Additions:				
Tuition and fees	$ 93,785,454	$ 1,075	$	$
Federal appropriations, grants and contracts	16,183,159	88,424,946	1,562,590	125,000
State grants and contracts	10,260,463	11,942,267	24,997	
Local appropriations, grants and contracts	2,877,712	178,909		
Private gifts, grants and contracts	5,467,721	15,544,978	160,068	1,363,810
Endowment income	75,286	974,391	244,575	479,366
Investment income	4,582,454	40,110	741,476	236,271
Interest on loans receivable			1,073,799	
Proceeds from bonds and notes				
Additions to plant facilities				
Retirement of indebtedness				
Sales and services of educational activities	15,962,845	176,531	1,124,430	
Sales and services of auxiliary activities	81,954,284			
Sales and services of hospital	67,924,461			
Other	10,706,313	670,061	1,077,399	10,425
Total Revenues and Other Additions	309,780,152	117,953,268	6,009,334	2,214,872
Expenditures and Other Deductions:				
Educational and general:				
Instruction	172,325.138	11,781,717		
Research	43,939,121	33,008,180		
Public service	28,191,592	9,236,082		
Academic support	37,090,095	4,306,852		
Student services	17,549,064	1,426,475		
Institutional support	43,481,576	4,593,282		
Operation and maintenance of plant	40,248,023	1,896,852		
Scholarships and fellowships	13,013,747	37,720,376	2,270,524	
Auxiliary enterprises	80,583,130	939,425		
Hospital	67,332,329			
Independent operations	1,083,729			
Administrative and indirect costs recovered		4,922,822	154,733	117
Refunds to grantors	4,575	36,298	37,875	
Loan cancellations and write-offs			2,417,115	
Collection costs			193,285	
Expended for plant facilities				
Repairs and maintenance				
Plant assets sold or retired				
Long-term debt incurred				
Retirement of indebtedness				
Interest on indebtedness				
Change in provision for uncollectible accounts	233,574		382,620	
Other	16,609			34,717
Total Expenditures and Other Deductions	545,092,302	109,868,361	5,456,152	34,834
University Funds Interfund Transfers In (Out):				
Mandatory:				
Principal and interest	(6,718,045)	(28,758)		
Restricted fund matching	(3,006,527)	3,008,393		
Loan fund matching	(169,957)		169,957	
Renewals and replacements	(25,000)			
Nonmandatory:				
Auxiliary support	30,000			
Building projects	(7,180,766)	(133,052)		
Other	(4,738,890)	571,606	(20,652)	(185,705)
Total University Funds Interfund Transfers In (Out)	(21,809,185)	3,418,189	149,305	(185,705)
Operating Transfers In:				
General Fund	262,436,010			
Net Increase (Decrease) in Fund Balances	5,314,675	11,503,096	702,487	1,994,333
Fund Balances, July 1, as Previously Reported	83,531,776	12,136,110	52,824,692	13,784,302
Restatement (Note 3)	(18,015,522)			
Fund Balances, July 1, as Restated	65,516,254	12,136,110	52,824,692	13,784,302
Fund Balances, June 30	$ 70,830,929	$ 23,639,206	$ 53,527,179	$ 15,778,635

The accompanying notes to the financial statements are an integral part of this statement.

Plant Funds				Totals (Memorandum Only) for the Year Ended	
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	June 30, 1988	June 30, 1987
$ 128,020	$	$ 405,854	$	$ 94,320,403	$ 90,889,879
7,034,674		87,192		113,417,561	89,118,405
5,299,746				27,527,473	9,293,464
3,250,000		135,000		6,441,621	3,915,689
690,501		547,802		23,774,880	22,431,715
7,833				1,781,451	1,098,462
557,295	509,480	497,736		7,164,822	5,607,146
				1,073,790	1,095,803
					2,117,096
			69,635,565	69,635,565	42,441,531
			6,290,246	6,290,246	7,411,198
				17,263,806	15,298,469
				81,954,284	75,084,567
				67,924,461	63,699,055
260,574	(24,243)	227,000		12,927,529	12,468,234
17,228,643	485,237	1,900,584	75,925,811	531,497,901	441,970,713
				184,106,855	163,720,184
				76,947,301	68,787,720
				37,427,674	34,986,777
				41,396,947	33,692,504
				18,975,539	17,773,699
				48,074,858	41,549,067
				42,144,875	38,121,414
				53,004,647	47,422,417
				81,522,555	75,889,997
				67,332,329	62,194,627
				1,083,729	1,067,627
				5,077,672	4,933,294
15,365				94,113	207,014
				2,417,115	2,525,632
				193,285	706,165
22,089,934	382,105			22,472,039	16,450,827
1,675,482				1,675,482	1,957,411
			20,742,162	20,742,162	20,518,119
			7,362,806	7,362,806	7,964,393
		6,290,246		6,290,246	7,411,198
		2,405,401		2,405,401	2,925,543
				616,194	194,581
		22,064		73,390	159,248
23,780,781	382,105	8,717,711	28,104,968	721,437,214	651,159,458
(93,534)	(25,000)	6,865,337			
(1,866)					
	135,261	(110,261)			
	(30,000)				
7,456,429	(225,936)	83,325			
3,523,278	850,363				
10,884,307	704,688	6,838,401			
				262,436,010	246,543,615
4,332,169	807,820	21,274	47,820,843	72,496,697	37,354,870
15,016,938	11,652,688	6,280,120	718,066,497	913,293,123	875,938,253
				(18,015,522)	
15,016,938	11,652,688	6,280,120	718,066,497	895,277,601	875,938,253
$ 19,349,107	$ 12,460,508	$ 6,301,394	$ 765,887,340	$ 967,774,298	$ 913,293,123

June 30, 1988

Note 1 — Significant Accounting Policies

The significant accounting policies applicable to the State of Mississippi are described below.

A. **Basis of Presentation** - The accompanying financial statements of the State of Mississippi have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The financial statements of the university funds have been prepared in conformity with generally accepted accounting principles as prescribed by the National Association of College and University Business Officers (NACUBO).

B. **Financial Reporting Entity** - For financial reporting purposes, in conformance with generally accepted accounting principles, the State of Mississippi reporting entity includes all fund types and account groups of the State's various commissions, departments, boards, and elected officials, universities, and other organizational units (hereinafter referred to collectively as "agencies") over which the State's legislative and/or executive branches exercise oversight responsibility.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of oversight responsibility is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units for inclusion in the State financial reporting entity is scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based on the application of these criteria, the following organizations have been determined to be component units of the State reporting entity and are included in the accompanying financial statements:

- Allied Enterprises
- Certified Development Corporation
- County health departments
- County welfare departments
- Mississippi Guaranteed Student Loan Agency
- Mississippi Hospital Equipment and Facilities Authority
- Mississippi Housing Finance Corporation
- Mississippi Industries for the Blind
- Port Authority at Gulfport
- Public Employees' Retirement System of Mississippi
- University Press
- Yellow Creek Inland Port Authority

The fiscal year of the Mississippi Housing Finance Corporation ends on August 31. Since the financial statements of that component unit as of and for the year ended August 31, 1988 were not available when this report was prepared, its August 31, 1987 financial statements have been combined into the accompanying June 30, 1988 financial statements. In addition, the financial statements of the Mississippi Hospital Equipment and Facilities Authority have been combined as of its March 31, 1988 fiscal year end.

The following organizations have been determined not to be part of the reporting entity based on consideration of the manifestations of oversight, scope of public service, or special financing relationships criteria and are therefore excluded from the accompanying financial statements because the State does not control or significantly influence the assets, operations or management of the respective entities:

- Coast Coliseum
- Drainage districts

- Levee boards
- Locally controlled two-year junior colleges
- Locally controlled vocational-technical schools
- Municipal and county ports and harbors
- Municipalities and counties
- Planning and development districts
- Regional airports
- Regional libraries
- Regional mental health centers
- School districts
- Soil and water conservation districts
- Waterway districts

C. **Fund Accounting** - The financial activities of the State are recorded in individual funds and account groups used to report financial position and results of operations. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. An account group is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources. Account groups are presented for general fixed assets and general long-term obligations.

Funds are classified into four categories: governmental, proprietary, fiduciary and university. Each category is further divided into separate "fund types."

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for all or most of a government's general activities, including collection and disbursement of earmarked monies (special revenue funds), acquisition or construction of general fixed assets (capital projects funds), and servicing of general long-term debt (debt service funds). The General Fund is used to account for all general government activities not accounted for in some other fund. Governmental fund types include:

General - Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, general government, education (other than institutions of higher learning), public safety, health and social services, and transportation. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Special Revenue - Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service - Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases and compensated absences) are generally accounted for in debt service funds.

Capital Projects - Transactions related to resources obtained and used for acquisition, construction or improvement of major capital facilities are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the General Fund.

PROPRIETARY FUND TYPES

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary fund types include:

Enterprise - Enterprise funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service - Internal service funds account for the operations of State agencies which render services and provide goods to other State agencies or governmental units on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Fiduciary fund types include:

Expendable Trust - Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of designated operations.

Nonexpendable Trust - Nonexpendable trust funds account for assets held by the State in a trustee capacity where only income derived from trust principal may be expended in the course of designated operations. Principal must be preserved intact.

Pension Trust - Pension trust funds account for transactions, assets, liabilities and net assets available for plan benefits of the State's public employee retirement systems.

Agency - Agency funds account for various taxes, deposits, and property collected or held by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

UNIVERSITY FUNDS

University funds account for the operations of State universities in accordance with existing authoritative accounting and reporting principles applicable to universities. Accordingly, university funds are an aggregation of the following funds:

Current - Current funds account for resources that will be expended in the near term for operating purposes. These include unrestricted funds over which university governing boards retain full control in achieving institutional purposes and restricted funds which may be utilized only for purposes designated by a donor or other external organization.

Fiduciary - Fiduciary funds account for assets held by loan and endowment funds over which universities act in a fiduciary capacity.

Plant - Plant funds account for resources available for acquisition, renewal and replacement of institutional properties and to service debt incurred to acquire such properties.

ACCOUNT GROUPS

General Fixed Assets - The general fixed assets account group accounts for all fixed assets acquired or constructed for use by the State, other than those accounted for in the proprietary, fiduciary, and university funds.

General Long-Term Obligations - The general long-term obligations account group accounts for general obligation bonds, limited obligation bonds, compensated absences, and other long-term obligations not recorded in proprietary, fiduciary, and university funds.

D. Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus, as described below.

Governmental Fund Types and Expendable Trust and Agency Funds - All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Significant revenue sources which are susceptible to accrual include sales taxes, individual income taxes, corporate income taxes and federal grants. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are only measurable at that time. Expenditures and related fund liabilities are recognized upon receipt of goods and services.

Modifications to the accrual basis of accounting include: principal and interest on long-term debt reflected in the general long-term obligations account group are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year; inventories of materials and supplies are recorded as expenditures at acquisition; obligations for employee personal leave and major medical leave are recorded as expenditures when paid.

Proprietary Fund Types and Nonexpendable and Pension Trust Funds - All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by proprietary fund types, pension trust funds and nonexpendable trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

University Fund Type - The accounts of the university funds are reported using the accrual basis of accounting with the following exceptions: depreciation expense related to plant fund assets is not recorded; revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

E. **Budgetary Accounting** - The State's annual budget is prepared principally on the cash basis utilizing encumbrance accounting. Encumbrances, represented by executed but unperformed purchase orders, are recorded as expenditures for budgetary purposes if presented for payment in the 60-day lapse period and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds are presented on the budgetary basis. A reconciliation of the excess of revenues over (under) expenditures and other financing sources (uses) on a budgetary basis at June 30, 1988 to the excess of revenues over (under) expenditures and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in Note 2.

Unexpended appropriations are available for subsequent expenditure only to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 60-day lapse period. Lapse period expenditures are reported as expenditures in the current year budgetary presentation.

F. **Cash and Cash Equivalents** - Cash and cash equivalents include bank accounts, petty cash, and certificates of deposit. Collateral, as further discussed in Note 4, is pledged by the various banks and securities dealers to guarantee State funds.

G. **Investments** - Investments are generally recorded at cost. Income from short-term interest bearing securities is recognized as earned. Gains and losses on bond sales are recognized under the completed transaction method. Income from investments in equity securities is recognized as earned. The cost of common stock sold is determined using the average cost method. Income from reverse repurchase agreements is recognized as earned. Investments of the Government Employees' Deferred Compensation Plan Fund (an agency fund) are stated at market except for life insurance contracts which are stated at cash surrender value.

H. **Reverse Repurchase Agreements** - The Mississippi Public Employees' Retirement System is authorized to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The assets and liabilities arising from reverse repurchase agreements are not netted in the accompanying Combined Balance Sheet. They are reflected separately under the captions Collateral under Reverse Repurchase Agreements and Obligations under Reverse Repurchase Agreements (See Note 4).

I. **Receivables, net** - Receivables in the governmental and fiduciary funds primarily consist of interest and federal revenues, both recorded when earned, taxes that are susceptible to accrual - mainly sales and income taxes, and amounts due from other governments. Proprietary fund receivables occur in the ordinary course of business. Trust and agency fund receivables include amounts collectable for investments sold and for accrued interest income as well as contributions payable to pension trust funds which are recognized as revenue in the period in which employee services are performed. University fund receivables include monies due from the federal government, tuition fees, and accrued interest income. Receivables are reported net of allowances for uncollectible accounts where applicable.

J. **Interfund Transactions** - The State has the following types of interfund transactions:

Quasi-external Transactions - Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expense of the disbursing fund.

Reimbursements - Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers - Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Operating Transfers - Legally authorized transfers other than residual equity transfers are reported as operating transfers. Operating transfers from the General Fund are transfers of appropriated or diverted tax revenues.

The composition of the State's interfund receivables and payables is presented in Note 6.

K. **Inventories** - Inventories of supplies and materials are principally stated at the lower of cost or market, generally using the first-in, first-out method. Cost of inventories held for use in constructing highways is determined by weighted average methods. Governmental fund type inventories of supplies and materials are recorded as expenditures at acquisition. Inventories of food stamps are recorded at their face value, with a corresponding deferred revenue. Food stamp revenues and expenditures are recorded simultaneously at the time of distribution.

L. Property, Plant and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are stated at cost. Donated assets are valued at market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized. Improvements are capitalized. Lands deeded to the State at its formation (1,117,838 acres) are recorded at $1 per acre.

Certain public domain (infrastructure) general fixed assets, principally highways, bridges and rights-of-way, are not capitalized, as these assets are immovable and of value only to the government. Generally, university fund infrastructure assets such as streets, sidewalks, lighting systems and curbs are capitalized. Depreciation is not provided on general fixed assets or on university fund fixed assets.

Proprietary and fiduciary fund type property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets ranging from 20 to 50 years for buildings and improvements and 3 to 10 years for machinery and equipment.

M. Accumulated Unpaid Personal Leave and Major Medical Leave

Mississippi law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave unless the employee presents medical evidence that their physical condition is such that they can no longer work in a capacity of State government.

The State's obligation with respect to governmental and expendable trust funds for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported in the accompanying general long-term obligations account group. In the university and in the proprietary and similar trust fund types, this obligation is reported as a liability in the respective funds. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The State uses the last-in, first-out method of recognizing use of compensated absences.

The reported liability for accumulated unpaid personal leave applicable to all fund types includes the related fringe benefits that the State as employer is required to pay when the accrued compensated absences are liquidated.

Accumulated unpaid major medical leave is not accrued because it is not probable that the compensation will be paid in lump sum other than in the event of severe illness.

N. Deferred Revenue

Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or for food stamps held pending distribution. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

O. Fund Equity

CONTRIBUTED CAPITAL

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from other funds. As explained below, reservations represent those portions of fund equity not available for appropriation or expenditure or that are legally segregated for a specific future use; designations of unreserved fund balances reflect the State's tentative plans for future use of financial resources.

RESERVATIONS

Reservations are for the following fund types and purposes:

Fund Types

Governmental and Fiduciary Fund Types - Fund balances of governmental and fiduciary fund types which are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

Proprietary Fund Types - Reserved retained earnings of the proprietary funds represent primarily those portions of fund equity that are legally restricted for payment of debt service.

University Fund Type - Fund balances of university funds that are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Purposes

Bond Retirement - Represents the portion of fund balance that is required to be used for debt retirement.

Encumbrances - Represents outstanding commitments at year end that will be liquidated in the lapse period.

Inventories - Represents the portion of fund balance which is comprised of inventories which are not available spendable resources. Food stamps inventory is recorded as deferred revenue since the revenue recognition criteria has not been met.

Pension Benefits - Represents the portion of fund balance that will be used to provide future retirement benefits to members of the State Public Employees' Retirement System.

Long-Term Portion of Receivables, Loans and Notes - The State has made loans and advanced funds under various programs that will be repaid over a number of years. Fund balance has been reserved in an amount equal to the balance of loans and advances receivable to indicate that they are not available resources for appropriation.

Other - Consists principally of health and insurance benefits, $16,207,000; unemployment compensation, $413,831,000; educational and vocational training, $18,607,000; and higher education activities and loans to students, $149,353,000.

DESIGNATIONS

Designations of unreserved fund balances are established to reflect tentative plans for future utilization of current financial resources. Designations are established for the following categories.

Debt Service - Amounts anticipated to pay future debt service requirements.

Capital Projects and Highway and Road Construction - Amounts anticipated to be utilized for the construction of State facilities, highways and roads.

Designated for Other Specific Purposes - Amounts designated for other specific purposes in special revenue funds are specified to be used for special education purposes. Special treasury funds classified within the GAAP General Fund are shown in this designation, since the funds are not available for appropriation by the State Legislature unless enabling legislation is approved. The fund balances of the General Fund Reserve, General Fund Stabilization Reserve and Working Cash Balance Revolving Fund are also recorded as designated for other specific purposes.

The General Fund Stabilization Reserve - State law requires that there be a fund maintained for the purpose of accumulating funds to cover any unforeseen deficits in revenues which may occur in the General Fund at the end of a fiscal year. If the State Fiscal Management Board determines, after the close of each fiscal year, that General Fund revenues exceeded General Fund expenditures determined on the budgetary basis, one-fourth of the excess is transferred into the General Fund Stabilization Reserve. Such transfers shall continue to be made, in succeeding fiscal years when excess revenues occur, until the accumulated total in this reserve equals five percent of General Fund revenue for the latest fiscal year. Amounts used to alleviate State General Fund deficits must be restored to the reserve out of future annual surpluses until the maximum (five percent) is again attained. There will be no transfer into the General Fund Stabilization Reserve in fiscal year 1989 for 1988. The amount transferred in fiscal year 1988 that related to 1987 was $14,840,000; the account balance at June 30, 1988 was $20,305,000, which is 1.19 % of 1988 general treasury fund revenue.

The General Fund Reserve - State law requires the transfer of three-fourths of the excess State General Fund revenues on a budgetary basis over General Fund expenditures of any fiscal year, to be held for use by the State Legislature at its discretion and to provide State funds to pay warrants drawn for payments which are reimbursed by the federal government under the federal plan for a "delay-of-drawdown letter of credit." Such federal reimbursements are deposited into the General Fund Reserve upon receipt. The amount transferred in fiscal 1988 that related to 1987 was $44,519,000. The account balance at June 30, 1988 aggregated $4,000,000. During fiscal year 1989 there will be no transfer into the General Fund Reserve for 1988.

The Working Cash Balance Revolving Fund - State law created this fund to pay State obligations when there is insufficient cash from other General Fund sources to pay obligations as they become due. Sums used for this purpose must be reimbursed from General Fund revenues collected during the then current fiscal year. This account, created in July 1984, was funded by income tax revenues. Interest earned from the investment of amounts not required for current use is to be deposited into the Working Cash Balance Revolving Fund account until the balance in the account equals five percent of total General Fund appropriations for the current fiscal year. The intent of the Legislature was for this account to have a balance of $31,000,000 on the last day of any fiscal year unless the Legislature, by an affirmative vote of two-thirds of both Houses, authorizes an expenditure from the account. On June 30, 1988, the balance was $35,597,000, which is 2.02% of 1988 General Fund appropriations. The balance in the Working Cash Balance Revolving Fund account is not to be considered as available funds in the process of adopting a balanced budget for any fiscal year.

P. **Federal Grants** - Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources are conditioned upon compliance with terms of the grant agreements and applicable federal regulations which include subjecting grants to financial and compliance audits.

Q. **Reclassifications** - Certain reclassifications have been made to the 1987 financial statements to conform to the 1988 presentation.

R. **Total (Memorandum Only) Columns** - "Total (Memorandum Only)" columns represent an aggregation of the combined financial statements of each fund type and account group. They are presented for information only and do not represent consolidated financial information.

S. **Comparative Data** - On certain statements, 1987 fiscal year "Total (Memorandum Only)" columns are printed to the right of the 1988 fiscal year Total (Memorandum Only) columns for comparative purposes in order to provide an understanding of changes in the State's financial position and operations. However, comparative data have not been provided for individual fund types or in total for all combined financial statements because their inclusion would make certain statements unduly complex and difficult to understand.

Note 2 — Budgetary Process, Control and Reconciliation to GAAP

Mississippi State law requires both the Governor and the Legislative Budget Office to prepare and submit to the Legislature at the beginning of each annual session an overall balanced budget for budgeted activities and functions in the ensuing fiscal year. The Legislature compares these budgets, makes any revisions it deems necessary or appropriate, and legally enacts an annual State budget through passage of specific departmental appropriation bills by activity or function and major expenditure classification, the sum of which should not exceed estimated amounts available and projected revenues for those activities and functions. The Governor has the power to approve or veto each line item appropriation; however, vetoes are subject to Legislative override.

The State has established two budgetary fund groups to account for its budgetary activities and functions:

General - funds established to receive and distribute general tax revenues and other general revenues and interest generated thereon.

Special - funds established to receive federal grants, fees, proceeds from the sale of goods and services, taxes levied for specific purposes and interest generated thereon, and to support the functional activities of the agencies that generate such revenues.

The budget covers most governmental funds included in the State reporting entity but excludes certain distributive funds, debt service funds, endowment funds, research funds from other than State appropriations, and private gifts to designated agencies or for designated purposes which are not subject to appropriation pursuant to State law. Certain funds recommended by the State Fiscal Management Board as not being subject to appropriation are also excluded. Certain accounts held outside the Treasury are similarly not budgeted. The budget does include certain proprietary funds and the administrative costs of operating the Public Employees' Retirement System.

The State Fiscal Management Board monitors agency budget compliance through an allotment process. For the general fund, allotments are established at or below the level of appropriation for each budgetary activity or function. For the special fund, allotments may be established in excess of the original appropriation if revenues from federal funding sources exceed original estimates. To provide sufficient funding for several programs supported by general fund appropriations during the fiscal year, supplemental appropriations of $ 22,131,000 were approved by the Legislature. In addition, a special session of the Legislature appropriated $ 1,081,000 for the State's proposal related to the federal government's Super-Conducting Supercollider project. Budget allotments were increased to reflect these supplemental appropriations. The final legally adopted budget in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Basis - All Budgetary Funds represents the final allotment for each budgeted fund.

If, at the end of October or any month thereafter of any fiscal year, general fund revenues collected for the fiscal year fall below 98% of the estimate adopted by the Legislative Budget Office at the date of sine die adjournment, the State Fiscal Management Board is required by statute to reduce allotments of appropriations to general fund agencies by the amount necessary to keep expenditures within the actual general fund receipts for the fiscal year. No agency's allotment may be reduced by more than 5% unless allotments to all general fund agencies have been reduced by 5%. Any required reductions in excess of 5% must consist of a uniform percentage reduction to all general fund agencies. Reduced allotments may be restored if revenue collections exceed revised estimates. For the years ended June 30, 1988 and 1987, no general fund appropriation allotment was reduced.

State agencies are responsible for exercising budgetary control and ensuring that allotments are not overspent, subject to Fiscal Management Board review. The legal level of budgetary control is at the agency level by activity or function as well as by major expenditure classification (e.g., personal services, contractual services, commodities) if a major expenditure budget was established by approved appropriation bills. For those appropriations that are not delineated as to major expenditure classification, the lowest level of budgetary control is activity or function. Agencies are authorized to transfer appropriated amounts between major expenditure classifications, except that the amount budgeted for salaries cannot be changed and the amount budgeted for capital outlay - equipment cannot be increased. In addition, special fund expenditures cannot exceed the amount of cash in the fund at any time.

Budgeted general fund revenues, in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds, represent the general fund revenue estimate adopted by the Legislative Budget Office at the date of sine die adjournment. Special fund revenue estimates include anticipated revenues during the year and the amount of beginning cash balances on hand at the beginning of the year which are anticipated to be expended for special fund purposes.

Because of the complexity of the State's budget, including more than 1100 appropriated line items, a separate report, the State of Mississippi 1988 Annual Report of Budgetary Basis Expenditures, has been prepared to present a budget to actual comparison for each budgetary fund. A major expenditure classification for a specific activity or function may be budgeted from both general and special funds. Therefore, this separate budgetary report, available at the Fiscal Management Board, presents budgetary comparisons by source of funds (general or special) as well as major expenditures, in total.

The Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (see Note 1E), a reconciliation of resulting basis, timing, perspective and entity differences in the excess of revenues over (under) expenditures/expenses and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 1988 is presented below (amounts expressed in thousands):

	Budgetary Funds		Financial Statement Fund Types		
	General	Special	General	Special Revenue	Debt Service
Excess of Revenues Over Expenditures and Other Financing Sources (Uses) - Budgetary Funds Budgetary Method	$ (27,091)	$ 20,526	$	$	$
Entity and Perspective Differences:					
Reclassification of budgetary funds to GAAP financial statement fund types	27,091	(18,752)	(22,115)	7,670	
Elimination of budgetary funds that are GAAP agency funds		(1,774)			
Add non-budgeted funds			57,711	(16,191)	21,765
Basis Differences:					
Net accrued revenues, related receivables and deferred revenues			(1,140,439)	(20,139)	
Net accrued expenditures/expenses and related liabilities			1,186,742	18,867	
Timing Differences:					
Lapse period revenues which were not treated as assets			(57,444)	(8,479)	
Lapse period expenditures which were not treated as liabilities			95,797	7,316	
Excess of Revenues over Expenditures and Other Financing Sources (Uses) - GAAP Fund Types - GAAP Basis	$ 0	$ 0	$ 120,252	$ (10,956)	$ 21,765

Capital Projects	Enterprise	Internal Service	Fiduciary	University
$	$	$	$	$
	(785)	84	136	6,671
36,594	2,377		83,081	
	(7,622)	7,049	622,136	513,846
	12,186	(5,510)	(325,353)	(451,961)
	(994)	(1,726)	(16)	(1,839)
	1,436	1,447	9	5,780
$ 36,594	$ 6,598	$ 1,344	$ 379,993	$ 72,497

Note 3 — Other Accounting Disclosures

A. **Adjustment to Fund Balance** - During the fiscal year ended June 30, 1988, a change has been made to the financial statements to better conform with generally accepted accounting principles by recording the liability of compensated absences for universities in the discrete presentation.

The following schedule details the restatement made to Fund Balance as of July 1, 1987 to give effect to this change (amounts expressed in thousands):

	University
Fund Balance June 30, 1987, as Previously Reported	$ 913,293
To adjust compensated absences for unrecorded liability for prior fiscal periods	(18,016)
Fund Balance July 1, 1987, as Restated	$ 895,277

B. **Individual Fund Deficits** - The Department of Rehabilitation Services Disability Determination Fund and the General Services Land Leasing Fund (reported as special revenue funds) had deficit balances of $67,000 and $217,000, respectively. The deficit of the Disability Determination Fund is the result of recognition of fund liabilities in excess of accrued revenues. The deficit of the General Services Land Leasing Fund is the result of the recognition of allowances for uncollectible accounts.

C. **Residual Equity Transfers** - For the year ending June 30, 1988, special revenue funds transferred $791,000 to the General Fund.

Note 4 — Deposits and Investments

The State Treasurer maintains a cash and short-term investment pool for all State general and special treasury funds and for investments of certain other State agencies. In addition, the Public Employees' Retirement System (PERS), Mississippi Housing Finance Corporation (MHFC) and a small number of other agencies carry out investment activities separate from the State Treasurer.

Deposits and investments of the State are summarized as follows:

Deposits (Cash and Cash Equivalents)

The carrying amount of the State's total deposits as of June 30, 1988 was $1,144,427,000 and the corresponding bank balances which are represented by collected funds were $1,151,154,000. The portion of such bank balances covered by federal depository insurance or by collateral held by a custodial institution in the name of the State was $69,330,000. In addition, $766,639,000 was collateralized with securities held by a pledging financial institution's trust department or agent in the State's name, while $315,185,000 was uninsured and uncollateralized. The MHFC had $254,641,000, the university funds had $22,979,000, the State Treasurer $19,345,000 and other agencies $18,220,000 of uninsured deposits.

The carrying amount of deposits of MHFC, for the year ended August 31, 1987 was $255,041,000. The certificates of deposit and other deposit agreements held by MHFC are authorized as investments by the separate bond issues as sources of payment for the bonds and are not negotiable by the Corporation.

The carrying amount of deposits of the State Treasurer on June 30, 1988 was $695,799,000. State statutes require that depository banks maintain, on deposit with the State Treasurer, pledged securities equal to 100% of deposits in excess of amounts covered by federal depository insurance. To encourage investment in State securities, State law says that State securities may be accepted as collateralization at par value or market value, whichever is greater. Zero coupon State securities accounted for $12,621,000 of the State Treasurer's undercollateralized portion of uninsured deposits on June 30, 1988. The balance of the Treasurer's undercollateralized portion of uninsured deposits of $6,724,000 resulted from market value declines of State and other securities.

Investments

Investments are generally managed and accounted for by PERS, the State Treasurer and MHFC. A discussion of statutory authority for these investments follows:

State Treasurer - The State Treasurer is authorized to invest in Certificates of Deposits which are reflected as deposits in the accompanying financial statement and in Repurchase Agreements with qualified state depository banks. Banks domiciled in Mississippi may apply to the State Depository Commission and when approved must maintain on deposit with the State Treasurer qualifying securities at least equal to 100% of the amount of State funds on deposit in excess of $100,000.

Public Employees' Retirement System (PERS) - PERS is authorized to invest in the following:

Bonds, notes, certificates, and other valid general obligations of the State of Mississippi, or any county, or any city, or any supervisor's district of any county of the State of Mississippi;

School district bonds of the State of Mississippi;

Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi;

Highway bonds of the State of Mississippi;

Corporate bonds of Grade A or better as rated by Standard and Poor's or by Moody's Investment Service;

Short-term obligations of corporations, or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-1 or better by Standard and Poor's or rated P-1 or better by Moody's Investment Service;

Bonds of the Tennessee Valley Authority;

Bonds, notes, certificates, and other valid obligations of the United States, and other valid obligations of any Federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the Securities and Exchange Commission;

Bonds, notes, debentures, and other securities issued by any Federal instrumentality and fully guaranteed by the United States;

Bonds rated Single A or better, stocks and convertible securities of established foreign companies which are listed on primary national stock exchanges of foreign nations and in foreign government securities rated Single A or better by a recognized rating agency;

Interest-bearing bonds or notes which are general obligations of any other state in the United States or any city or county therein, provided such city or county had a population as shown by the federal census next preceding such investment of not less than twenty-five thousand (25,000) inhabitants, and provided that such state, city, or county has not defaulted for a period longer than thirty (30) days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten (10) calendar years immediately preceding such investment;

Shares of stock, common and/or preferred, of corporations created by or existing under the laws of the United States or any state, district or territory thereof;

Covered call and put options on securities traded on one or more of the regulated exchanges.

PERS is also authorized by its Board of Trustees to operate a securities lending program (Reverse Repurchase Agreements). This program is designed to produce supplemental income to PERS with little or no additional risk. All securities in PERS are available for loan to pre-approved securities dealers. In order to be approved, the securities dealers must meet the following criteria:

(a) They must meet the minimum net capital requirements and the aggregate indebtedness limitations that are imposed upon members of the New York Stock Exchange;

(b) They must have signed a Securities Lending Agreement with PERS.

Reverse repurchase agreements are a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The cash received on repurchase agreements normally exceeds the market value of securities underlying the reverse repurchase agreements, providing PERS a margin against an increase in the market value of the securities. If the dealers default on their obligations to resell these securities to PERS or provide securities or cash of equal value, PERS would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. At June 30, 1988, the market value of the agreement obligations, including accrued interest, was greater than the market value plus accrued interest of the underlying securities; therefore, PERS had no credit exposure as of the date of these financial statements.

All of the investment assets of Mississippi Highway Safety Patrol Retirement System (MHSPRS) and of the Municipal Retirement System (MRS) (see Note 17) are combined with those of PERS and invested in two investment pools. One pool contains all bonds and related investments. The other contains all common stock and related investments. The pools are accounted for as part of the PERS Pension Trust Fund. MHSPRS and MRS have an equity interest in the PERS fund based upon funds contributed and earnings allocated. Individual investments in the PERS Pension Trust Fund are not specifically allocated to MHSPRS and MRS.

All PERS investments are held by the System's custodial bank or by third party banks in the System's name.

Mississippi Housing Finance Corporation (MHFC) - MHFC is authorized to invest in obligations of any municipality, the State of Mississippi or the United States; in obligations the principal and interest of which are guaranteed by the State or the United States; in obligations of any corporation wholly owned by the United States; in obligations of any corporation sponsored by the United States; in certificates of deposit or time deposits of depositories approved by the State Depository Commission; in money market funds and repurchase agreements whose underlying securities are authorized investments of MHFC.

The following table presents the carrying and market value of investments by type and categorizes the carrying amounts as follows:

- category 1 are those which are insured or registered, or held by the State or its agent in the State's name;
- category 2 are those which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name; and
- category 3 are those which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

At June 30, 1988, the State's investments consisted of (amounts expressed in thousands):

	State Treasurer	Public Employees' Retirement System	MHFC	Other
Investments				
Short-term securities:				
Commercial paper	$	$ 193,608	$	$ 2,791
Repurchase agreements	137,000	94,365	67,178	72,297
U.S. Government securities and agencies		14,433		35,982
U.S. Government securities and agencies - long-term		1,662,713	35,507	100,373
Corporate bonds and notes		585,809		2,455
Corporate equities		731,898		5,001
	137,000	3,282,826	102,685	218,899
Collateral held under reverse repurchase agreements:				
U.S. Government securities and agencies		165,380		
Repurchase agreements		475,140		
Deferred compensation plan pooled investments:				
Fixed and variable investments				70,732
Life insurance contracts				1,222
University pooled investments				3,824
Total Investments	$ 137,000	$ 3,923,346	$ 102,685	$ 294,677

In addition to the deposits and investments described above, the State has approximately $366,542,000 on deposit with the United States Government. These funds represent unemployment insurance taxes collected from Mississippi employers which are held by the U.S. Treasury.

Carrying Value	Market Value	Category 1	Category 2	Category 3
$ 196,399	$ 196,401	$ 196,399	$	$
370,840	370,840	208,595	134,835	27,410
50,415	50,618	38,073	12,342	
1,798.593	1,778,873	1,710,450	86,919	1,224
588,264	580,084	587,363	40	861
736,899	858,983	734,183		2,716
3,741,410	3,835,799	$3,475,063	$ 234,136	$ 32,211
165,380	168,432			
475,140	475,140			
70,732	70,732			
1,222	1,222			
3,824	4,906			
$ 4,457,708	$ 4,556,231			

Note 5 — Receivables

Net receivables by fund type as of June 30, 1988 consisted of the following (amounts expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	University	Total
Taxes									
Sales	$ 96,116	$	$	$	$	$	$	$	$ 96,116
Income	43,042								43,042
Gasoline	25,705								25,705
Insurance premium	10,734								10,734
Unemployment insurance							20,184		20,184
Other	11,717								11,717
Total Taxes	187,314						$ 20,184		$ 207,498
Due from other governments	$ 107,698	15,299			31,019	12	801		154,829
Tuition and other university receivables								61,930	61,930
Securities sold							10,436		10,436
Interest and dividends	6,313	179	1,075		18,472		62,888		88,927
Contributions							27,495		27,495
Other	14,652	135		2	2,474	89	13,611		30,963
Total Receivables	$ 315,977	$ 15,613	$ 1,075	$ 2	$ 51,965	$ 101	$135,415	$ 61,930	$ 582,078

Note 6 — Interfund Receivables/Payables

Interfund receivables and interfund payables consisted of the following at June 30, 1988 (amounts expressed in thousands):

Fund Type/Fund	Interfund Receivables		Interfund Payables	
General	$	$ 5,824	$	$ 13,341
Special Revenue:				
Telecommunications	574		45	
Federal-State Programs	197		3,780	
Emergency Management			6	
Land Leasing			221	
Vocational Rehabilitation for the Blind	73			
Other Education	1		3	
Rehabilitation Services	131		59	
Disability Determination			39	
Alcohol and Drug Abuse Program	227		64	
Employment Services	2,618		175	
Attorney General Medicaid			1	
Community Services			14	
Inmate Welfare and Training	83			
Camp Shelby Timber			5	
Facility Maintenance and Operation			36	
Camp Shelby Base Operation	29		20	
Air National Guard Training Site Operation			5	
Rice Promotion	2			
Soybean Promotion	12			
Bureau of Fisheries and Wildlife	27		108	
Wildlife Conservation Administrative			23	
Motor Vehicle	48			
Bureau of Marine Resources			13	
Other Recreation and Resource Development			6	
Public Service Commission	1,728		19	
Workers' Compensation Commission			14	
Bank Supervision Administrative			3	
Consumer Finance			1	
Other Regulatory Agencies			9	
Aeronautics Commission	19			
Energy and Transportation			7	
		5,769		4,676

Fund Type/Fund	Interfund Receivables		Interfund Payables	
Debt Service:				
Highway Revenue Refunding Bond Retirement & Interest	$	$	$	$ 272
Capital Projects:				
Bureau of Buildings Construction and Improvement		313		
Enterprise:				
Certified Development Company, Inc.			26	
Fair Commission and Coliseum			131	
Veterans' Home Purchase Board			1	
Veterans' Memorial Stadium Commission	314		8	
Mississippi Industries for the Blind	9			
Division of Lime			91	
Farmers' Central Market Board			27	
Prison Industries	5		6	
Bureau of Surplus Property	9		4	
Allied Enterprises			17	
		337		311
Internal Service:				
Personnel Administration	161		18	
Data Processing Services	387		247	
Central Data Processing Authority Planning and Policy	485		4	
Telecommunications	441		6	
Data Processing Super Computer			372	
		1,474		647
Trust and Agency:				
Expendable Trust:				
Group Insurance	3,477			
State Employees' Unemployment Insurance	2,294		260	
Unemployment Compensation	9,026		104	
	14,797		364	
Pension Trust:				
Public Employees' Retirement System			148,275	
Highway Safety Patrol Retirement System	80,248			
Municipal Retirement System	67,912			
	148,160		148,275	
Agency:				
Social Security	108			
Local Government Distributive			97	
Program	706		10,942	
Institutional			73	
	814	163,771	11,112	159,751
University:				
Current Funds:				
Unrestricted	15,021		9,763	
Restricted	1,398		6,189	
Fiduciary Funds:				
Loan	68		37	
Endowment			1	
Agency	504		241	
Plant	751		1	
		17,742		16,232
		$ 195,230		$ 195,230

Note 7—Loans and Notes Receivable

Loans and notes receivable, net of allowances of $8,223,000 for uncollectible accounts at June 30, 1988, consisted of the following (amounts expressed in thousands):

	Fund Types					
	General Fund	Special Revenue	Debt Service	Enterprise	University	Total
Mortgage loans (a)	$	$	$	$ 463,880	$	$ 463,880
Hospital equipment loans				79,162		79,162
Economic development loans				134		134
Railroad revitalization loans		1,002				1,002
Student loan program (b)					39,837	39,837
Ingalls Shipbuilding Corporation loan receivable (c)			68,870			68,870
Mississippi Business Act notes receivable (d)	12,118					12,118
Disaster loans	3,750					3,750
Total Loans and Notes Receivable	$ 15,868	$ 1,002	$ 68,870	$ 543,176	$ 39,837	$ 668,753

(a) Mortgage loans receivable of $408,436,000 represent monies provided by the Mississippi Housing Finance Corporation to finance residential housing for persons of low and moderate income in the State. Proceeds of principal and interest on these loans are pledged to meet the debt service requirements of the Corporation's revenue bonds (see Note 12). Veterans' Home Purchase Board's mortgage loans receivable of $55,444,000 represent loans to eligible Mississippi veterans primarily for the purchase of residential housing.

(b) Student loans are made pursuant to student loan programs funded by the U.S. Government.

(c) In fiscal year 1967 the State sold general obligation bonds of $130,000,000 to build and equip a shipyard and shipbuilding facilities for use by Ingalls Shipbuilding Corporation (Ingalls) to further the economic growth of the State. Ingalls agreed to repay the loan over 40 years in amounts sufficient to pay maturing bond principal and interest.

(d) In fiscal 1988 the State issued Mississippi Business Investment Act (MBI)Notes and Bonds. The purpose of the notes and bonds is, in part, to provide interest free loans to Mississippi local governments for economic development.

The Ingalls loan and MBI notes aggregating $68,870,000 and $12,118,000, respectively, have been designated as available for future debt service and have been reported as such in the General Long-term Obligations Account Group.

Note 8—Property, Plant and Equipment

Changes in General Fixed Assets Account Group by major asset classification for the year ended June 30, 1988 are presented below (amounts expressed in thousands):

	Balance July 1, 1987	Transfers in/ Additions	Transfers out/ Deletions	Balance June 30, 1988
Land	$ 46,008	$ 504	$ 24	$ 46,488
Buildings	325,799	12,741	589	337,951
Improvements other than buildings	39,545	6,867	33	46,379
Machinery and equipment	289,297	42,911	18,849	313,359
Construction in progress	16,387	38,233	11,164	43,456
	$ 717,036	$ 101,256	$ 30,659	$ 787,633

Construction in progress is composed of the following (amounts expressed in thousands):

	Project Authorization	Expended To Date	Outstanding Commitment
State Penitentiary	$ 29,525	$ 3,809	$ 25,263
Green County Prison Facility - Housing	10,594	8,324	2,270
Robert E. Lee Building - Renovations	5,182	4,840	342
Veterans' Affairs Board - State Veterans' Home	5,690	4,582	765
Lefleur's Bluff - Riverside Facilities	2,160	1,483	647
Gulfport National Guard Facility	5,909	5,506	403
Camp Shelby National Guard Facility	6,983	6,774	209
State Highway Department Buildings	4,625	3,680	710
Other	19,485	4,458	3,523
	$ 90,153	$ 43,456	$ 34,132

No further financing is required on any of the construction in progress. $12,219,000 of the construction in progress expended to date for military facilities represents payments directly to construction contractors from the federal government.

Property, plant and equipment recorded in individual funds, net of accumulated depreciation where applicable at June 30, 1988, consisted of the following (amounts expressed in thousands):

	Fund Types			
	Enterprise	Internal Service	Trust	University
Land	$ 2,212	$	$ 508	$ 14,533
Buildings	28,695		3,542	476,605
Improvements other than buildings	22,733		126	41,169
Machinery and equipment	13,261	11,237	1,081	277,978
Construction in progress	1,233			6,499
Total fixed assets	68,134	11,237	5,257	816,784
Accumulated depreciation, where applicable	35,070	5,514	705	
Property, Plant and Equipment, Net of Depreciation	$ 33,064	$ 5,723	$ 4,552	$ 816,784

Note 9 - Debt Service Requirements to Maturity, Debt Authorization, Limitations, and Authorized but Unissued Debt

The annual requirements to amortize all debt outstanding as of June 30, 1988 including interest of $2,069,079,000 are as follows (amounts expressed in thousands):

Fiscal Year	State Revenues	Revenue Pledges	Enterprise Funds	University Funds	Total
1989	$ 38,878	$ 28,595	$ 210,284	$ 7,432	$ 285,189
1990	32,955	28,583	216,665	8,117	286,320
1991	30,632	40,568	93,063	5,890	170,153
1992	29,519	49,701	87,243	4,904	171,367
1993	25,608	43,312	87,310	3,698	159,928
Thereafter	199,631	359,659	1,891,836	26,958	2,478,084
Total	$ 357,223	$550,418	$2,586,401	$ 56,999	$3,551,041

The above requirements are categorized by revenue sources which will be used to repay the long-term debt.

Bond indebtedness incurred by the State of Mississippi must be authorized by legislation governing the specific programs or projects to be financed. Such legislation provides the State Bond Commission authority to approve and authorize the sale and issuance of bonds. The State Bond Commission is comprised of the Governor as chairman, the State Attorney General as secretary, and the State Treasurer.

The State's constitutional debt limit is established under Section 115 of the Mississippi Constitution which provides:

> "Neither the State nor any of its direct agencies, excluding the political subdivisions and other local districts, shall incur a bonded indebtedness in excess of one and one-half (1 1/2) times the sum of all the revenue collected by it for all purposes during any one of the preceding four fiscal years, whichever may be higher."

As of June 30, 1988 the State's constitutional debt limitation was $3,415,250,000.

Current practice restricts revenues included in the foregoing debt limitation computation to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges including net income from the Alcoholic Beverage Control Division, fines, forfeits and penalties.

Bonds Authorized But Unissued - Approximately $293,673,000 of authorized but unissued bond indebtedness existed at June 30, 1988, to be used for various purposes as described below (amounts expressed in thousands):

Purpose	Authorized Debt	Authorized But Unissued
Port improvement (Gulfport)	$ 40,000	$ 11,604
Public school construction	100,000	37,680
Business investment	125,000	89,888
Fire Academy construction	2,500	300
Mortgage loans to veterans	20,000	20,000
State Fair	4,000	1,525
Farm reform	10,000	10,000
Institute of Technology Development	10,000	10,000
Small Enterprise Development Finance	20,000	20,000
Highway 4-Lane Program	50,000	50,000
Mississippi Technology Transfer Center	3,200	1,000
Institutional facilities	30,000	1,561
Office facilities	2,600	115
Institutions of Higher Learning facilities	40,000	40,000
	$ 457,300	$ 293,673

Additional revenues are not anticipated if any of the bonds authorized and unissued are issued.

Note 10 — General Obligation Notes and Bonds

General obligation bonds are authorized and issued primarily to provide funds for constructing and improving State-owned facilities, including ports, stadium facilities, university facilities, public schools, parks, bridges and roads. General obligation bonds have also been issued to purchase land for wildlife conservation.

General obligation notes are backed by the full faith, credit and taxing power of the State. The State borrowed $4,265,000 of a $6,800,000 line of credit during the year ended June 30, 1988. This line of credit will be repaid when additional Mississippi Business Investment Bonds are issued in fiscal year 1989. Since the legal steps necessary to refinance the notes were previously enacted by the Legislature, the notes are considered long-term and are included in the General Long-term Obligation Account Group.

General obligation bonds are backed by the full faith, credit and taxing power of the State. Although certain general obligation debt is being retired from the resources of the enterprise funds and is therefore recorded in these funds, the State remains contingently liable for its payment. General obligation debt, which was issued to finance the construction and equipping of educational buildings and other facilities for universities and is not secured by a pledge of revenues from the related facilities, is a direct obligation of the State and is reported in the General Long-term Obligations Account Group. Other general obligation debt of the university funds, which is being retired from pledged resources of those funds, is reported as a liability of the university funds although the State remains contingently liable for its retirement.

Port development (Litton) bonds are payable from revenues derived from a loan to Ingalls Shipbuilding Corporation, a wholly-owned subsidiary of Litton Industries, Inc. During fiscal year 1987, Litton Industries, Inc. prepaid loan payments and the State used those prepayments to purchase $8,495,000 of port development bonds; therefore, no principal payments were required during the year ended June 30, 1988. The $68,870,000 port development bonds outstanding at June 30, 1988 are 5% term bonds, maturing December 1, 1997. The bond resolution requires annual deposits of payments from Litton to a sinking fund for the retirement of such bonds and the payment of semiannual interest. The obligation of Ingalls to make payments is unconditional so long as the bonds are outstanding and is guaranteed by Litton Industries, Inc. These bonds are also backed by the full faith and credit of the State.

The State's outstanding general obligation bonds and notes at June 30, 1988 were as follows (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Enterprise Funds:			
Port improvement (Gulfport)	$ 17,387	1% - 10%	5/04
Port improvement (Yellow Creek)	370	4.7%	2/91
Stadium expansion	2,490	6.3% - 6.8%	12/99
	20,247		
University Funds:			
University building	10,624	3.3% - 6%	4/99
General Long-term Obligations Account Group:			
Correctional facilities projects	56,650	6.2% - 7.4%	8/07
Homeport Causeway	11,720	6.3% - 7.5%	7/07
Mississippi Business Investment Act	35,112	5.5% - 11%	8/07
Mississippi Technology Transfer Center	1,820	4.0% - 4.7%	12/91
Port development (Litton)	68,870	5%	12/97
Public school construction	62,320	4.5% - 7.25%	9/99
Road construction, State Aid	35,899	4.3% - 12%	9/00
State park improvement	7,270	4.5% - 8%	7/00
University building	5,855	4% - 6%	9/92
Wildlife conservation	4,400	4.9% - 5.1%	9/91
	289,916		
General Obligation Bonds	320,787		
General Obligation Notes	4,265		
General Obligation Notes and Bonds	$ 325,052		

Future general obligation debt service requirements at June 30, 1988 are as follows (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
1989	$ 24,381	$ 19,242	$ 43,623
1990	20,233	17,987	38,220
1991	18,887	16,709	35,596
1992	19,317	15,538	34,855
1993	17,748	14,442	32,190
Thereafter	224,486	80,943	305,429
	$ 325,052	$ 164,861	$ 489,913

Subsequent to year end, the State entered into an agreement on July 26, 1988 to issue $40,000,000 of Institutions of Higher Learning Facilities, Series 1988, General Obligation Bonds. The bonds mature serially through 2008 at interest rates ranging from 6.4% to 11%.

Changes in general obligation notes and bonds during the year ended June 30, 1988 are summarized in Note 14.

Note 11—Limited Obligation Bonds

Limited obligation bonds are payable exclusively from specific pledged General Fund revenues. Such bonds are not secured by the full faith, credit and taxing power of the State, and the holders of such bonds are not entitled to look to other State resources for payment.

The outstanding limited obligation bonds at June 30, 1988, including accrued accreted interest on appreciation bonds aggregating $7,906,000, consisted of the following (amounts expressed in thousands):

	Amount Outstanding	Interest Rates	Final Maturity Date
Highway Refunding Bonds: (a)			
Serial bonds	$ 139,445	6.5% - 8.9%	2/98
Appreciation serial bonds	17,117	7.75% - 9.1%	8/98
Appreciation term bonds	3,894	9.875%	8/05
Term bonds	25,000	6.5%	8/05
Appreciation term bonds	15,095	10.25%	2/08
	200,551		
Fire Academy Bonds (b)	1,335	5.9% - 6.5%	10/90
Office Facility Bonds (c)	2,160	5.5% - 7.6%	11/93
	$ 204,046		

(a) **Highway Refunding Bonds** - Series 1985 - (hereinafter referred to as the Series 1985 Bonds) were issued in September and October, 1985 with a face value of $331,180,000 for the purpose of refunding the State's outstanding $443,240,000 General Obligation Highway Refunding Bonds - 1978 Series and $11,550,000 General Obligation Highway Bonds - 1978 Series A, which constituted all of the then outstanding highway bonds of the State.

The Series 1985 Bonds are payable solely from gross gasoline tax revenues and other sources pledged to their payment. The other pledged sources are: (a) proceeds from privilege tax collected in any year, net of certain administrative fees, in excess of $3,700,000; (b) proceeds derived from the issuance of fuel identification decals; (c) 15% of tobacco tax revenues collected in the previous month, not to exceed $5,000,000 in any fiscal year; and (d) cash and investments in accounts established by the Highway Bond Resolution adopted on September 19, 1985. The Series 1985 Bonds are fully and unconditionally insured.

The serial bonds and the appreciation serial bonds are not subject to redemption prior to maturity.

The 6.50% term bonds, maturing in 2005, are redeemable at the option of the State on or after August 1, 1998 in whole or in part at a redemption price of 100% of the principal amount so redeemed, plus accrued interest to the date of redemption.

The appreciation term bonds maturing on or after August 1, 2005 are redeemable in whole or in part at the option of the State on or after February 1, 2000 at a redemption price ranging from 105% of the accreted value of such bonds at the date of redemption in 2000, gradually decreasing to 100% of the accreted value of bonds redeemed February 1, 2005 and thereafter.

The serial bonds and appreciation serial bonds mature semiannually on February 1 and August 1 through 1998. Interest on the serial bonds is compounded semiannually and payable only at maturity or redemption. The appreciation term bonds will accrete in value to yield at maturity $5,000 per original investment of $742 and $539 for those bonds maturing in 2005 and 2008, respectively. The appreciation serial bonds will accrete in value to yield at maturity $5,000 per original investment ranging from $1,602 for bonds maturing on August 1, 1998 to $3,474 for bonds maturing on August 1, 1990.

(b). **Fire Academy Bonds** - Bonds in the aggregate principal amount of $2,200,000 were issued in June, 1986 to defray expenses of capital improvements at the State Fire Academy. Principal and interest are payable solely from the additional premium tax (one-half of one percent) on multi-peril insurance assessed to provide funds for such payments.

Fire Academy Bonds are subject to redemption prior to their respective maturities, either in whole or in part, and if in part in inverse order of maturity, at the option of the State Treasurer on any interest payment date of April 1 and October 1, 1987 - 1990, at the principal amount thereof together with accrued interest to the date fixed for redemption.

(c) **Office Facilities Bonds** - Bonds in the aggregate principal amount of $2,485,000 were issued on November 11, 1986 to construct and rent office facilities. Principal and interest are payable from the rental of the office building and seizure of money by the Bureau of Narcotics.

Future limited obligation debt service requirements at June 30, 1988 are as follows (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
1989	$ 7,665	$ 12,890	$ 20,555
1990	8,160	12,358	20,518
1991	20,099	12,785	32,884
1992	30,974	11,221	42,195
1993	26,619	9,317	35,936
Thereafter	102,623	151,238	253,861
	$ 196,140	$ 209,809	$405,949

Changes in limited obligation bonds during the year ended June 30, 1988 are summarized in Note 14.

Note 12—Revenue Bonds and Notes

Revenue bonds and notes are backed by a pledge of resources derived from users of the related facilities and are not supported by the full faith and credit of the State.

Revenue bonds and notes outstanding, net of unamortized discounts at June 30, 1988 were as follows (amounts expressed in thousands):

Fund Type/Agency	Amount Outstanding	Interest Rates	Final Maturity Date
Enterprise:			
Mississippi Fair Commission	$ 1,585	7.2% - 9.45%	12/05
Mississippi Housing Finance Corporation	749,634	6.5% - 12.125%	9/16
Mississippi Hospital Equipment and Facilities Authority	156,135	5.25% - 8.75%	8/16
	907,354		
University:			
Alcorn State University	531	2.875% - 3.5%	12/05
Jackson State University	5,074	2.875% - 12.5%	9/16
Mississippi State University	14,421	2.75% - 11.0%	12/20
Mississippi Valley State University	895	3% - 3.5%	7/08
Mississippi University for Women	120	7.12%	7/90
University of Mississippi	5,523	2.75% - 10.0%	7/08
University Medical Center	2,474	6%	6/92
University of Southern Mississippi	3,750	3.0% - 10.25%	6/00
	32,788		
	$ 940,142		

In compliance with Section 69-5-11, Mississippi Code Ann. (1972), the Fair Commission has established restricted accounts in the amount of $62,000 for the payments of debt service related to the revenue bonds. Cash of $114,000 less current interest payable of $12,000 and current revenue bonds payable of $40,000 have been restricted for such purposes.

Changes in revenue bonds for the year ended June 30, 1988 are summarized below (amounts expressed in thousands):

Balance July 1, 1987	$ 840,339
Notes and Bonds Issued	353,133
Principal Retirements	(257,945)
Amortization of Debt Discounts	4,615
Balance June 30, 1988	$ 940,142

Future revenue bond and note debt service requirements at June 30, 1988 were as follows (amounts expressed in thousands):

	Enterprise		University		Total		
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
1989	$ 126,020	$ 84,264	$ 2,812	$ 1,402	$ 128,832	$ 85,666	$ 214,498
1990	139,585	77,080	3,381	1,315	142,966	78,395	221,361
1991	19,800	73,263	2,303	1,132	22,103	74,395	96,498
1992	15,025	72,218	2,308	1,015	17,333	73,233	90,566
1993	16,315	70,995	1,908	934	18,223	71,929	90,152
Thereafter	590,609	1,301,227	20,076	6,237	610,685	1,307,464	1,918,149
	$ 907,354	$1,679,047	$32,788	$12,035	$ 940,142	$ 1,691,082	$ 2,631,224

Note 13—Defeased Bonds and Other Long-term Obligations

A. **Defeased Bonds** - In 1978 and 1985, the State defeased certain outstanding general obligation and other bonds by depositing the net proceeds of new bonds and additional monies from debt service funds in an irrevocable trust to be used solely for satisfying all future scheduled principal and interest payments on the old bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 1988 the following outstanding bonds were considered defeased (amounts expressed in thousands):

General Obligation Highway Bonds - Series 38	$ 205
General Obligation Highway Bonds - Series 40	5,000
General Obligation Highway Bonds - Series 41	6,200
General Obligation Highway Bonds - Series 42	9,500
General Obligation Highway Bonds - Series 43	17,600
General Obligation Highway Bonds - Series 44	21,200
General Obligation Highway Bonds - Series 47	26,700
General Obligation Highway Bonds - Series 49	19,000
General Obligation Highway Bonds - Series 50	13,400
General Obligation Highway Bonds - Series 1978	443,240
General Obligation Highway Bonds - Series 1978-A	10,000
	$ 572,045

B. **Capital Lease Commitments** - The State leases property with varying terms and options. Most leases contain a fiscal funding addendum stating that the lease shall terminate on the last day of the fiscal year if appropriated funds for the ensuing fiscal year are insufficient. However, if renewal is reasonably assured, leases requiring appropriation by the Legislature are considered noncancellable leases for financial reporting purposes.

At June 30, 1988, capitalized leases included in property, plant and equipment were as follows (amounts expressed in thousands):

	University Fund Type	General Fixed Assets Account Group
Machinery and equipment	$ 24,762	$ 14,116

Future minimum commitments under capital leases as of June 30, 1988 were as follows (amounts expressed in thousands):

Year Ending June 30	University Fund Type	General Long-term Obligations	Total
1989	$ 3,218	$ 3,295	$ 6,513
1990	3,421	2,800	6,221
1991	2,455	2,720	5,175
1992	1,581	2,170	3,751
1993	856	794	1,650
Thereafter	645		645
Total Minimum Lease Payments	12,176	11,779	23,955
Less: Amounts Representing Costs and Interest	1,767	1,560	3,327
Present Value of Net Minimum Lease Payments	$ 10,409	$ 10,219	$ 20,628

C. **Compensated Absences** - The State of Mississippi's liability for compensated absences reported in the General Long-term Obligations Account Group at June 30, 1988 was $38,838,000. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee (see Note 1-M).

Changes in capital lease commitments and compensated absences during the year ended June 30, 1988 are summarized in Note 14.

Note 14—Changes in General Long-term Obligations

Changes in general long-term obligations for the year ended June 30, 1988 are summarized below (amounts expressed in thousands):

	General Obligation Notes (Note 10)	General Obligation Bonds (Note 10)	Limited Obligation Bonds (Note 11)
Balance at July 1, 1987	$ 11,669	$ 193,035	$ 208,105
Notes and bonds issued	4,265	113,762	
Compensated absences earned			
Decrease in lease obligations			
Increase in accreted value of capital appreciation bonds			3,166
Increase in lease obligations			
Principal retirements	(11,669)	(16,881)	(7,225)
Compensated absences taken			
Balance at June 30, 1988	$ 4,265	$ 289,916	$ 204,046

Note 15 —Segment Information - Enterprise Funds

Financial information by enterprise fund segment as of and for the year ended June 30, 1988 is as follows (amounts expressed in thousands):

	Department of Economic Development		Department of Natural Resources
	Certified Development Co., Inc. (a)	Fair Commission (b)	Water Pollution Abatement Revolving Loan (c)
Operating revenues	$ 485	$ 2,524	$ 277
Depreciation and amortization	2	266	
Operating income (loss)	147	(74)	264
Operating transfers in			
Operating transfers out			
Nonoperating revenues		28	
Nonoperating expenses	157	2	
Net income (loss)	(10)	(48)	264
Capital contributions	4,995		31,728
Property, plant and equipment:			
Additions	6	655	
Deletions		6	
Net working capital	6,111	1,073	6,037
Total assets	6,491	8,155	34,035
Bonds and other long-term liabilities payable from operating revenues		1,545	
Total equity	6,122	6,310	33,784

Accrued Compensated Absences (Note 13)	Capital Lease Obligations (Note 13)	Other Long-term Obligations (Note 13)	Total
$ 35,537	$ 4,199	$ 725	$ 453,270
			118,027
24,665			24,665
	(2,654)		(2,654)
			3,166
	8,674		8,674
		(725)	(36,500)
(21,364)			(21,364)
$ 38,838	$ 10,219	$ 0	$ 547,284

Veterans' Home Purchase Board (d)	Veterans' Memorial Stadium Commission (e)	Port Authority at Gulfport (f)	Mississippi Housing Finance Corporation (g)	Mississippi Industries for the Blind (h)	Mississippi Hospital Equipment and Facilities Authority (i)
$ 4,134	$ 714	$ 4,713	$ 77,310	$ 14,560	$ 12,009
3	189	1,222	4,556	155	220
3,702	(95)	32	796	(56)	119
		900			
	46	6		56	
3,702	(49)	938	796		119
9,600				3,367	
	3	27		153	
3,066	1,446	1,742	210,223	4,588	79,843
57,684	5,466	19,839	791,213	7,199	161,353
	3,170	16,219	626,399		153,390
56,635	1,916	2,068	23,005	5,908	886

(Continued on following page)

	Department of Agriculture and Commerce		Department
	Division of Lime (j)	Farmers' Central Market Board (k)	Prison Industries (l)
Operating revenues	$ 432	$ 293	$ 315
Depreciation and amortization	78	35	51
Operating income (loss)	(37)	35	(153)
Operating transfers in		10	223
Operating transfers out		(40)	
Nonoperating revenues			
Nonoperating expenses	2	1	11
Net income (loss)	(39)	4	59
Capital contributions		8	297
Property, plant and equipment:			
Additions		33	23
Deletions		1	32
Net working capital	(78)	31	1,027
Total assets	1,042	1,103	1,659
Bonds and other long-term liabilities payable from operating revenues		194	
Total equity	869	832	1,605

The following types of goods or services are provided by the enterprise funds:

(a) Economic development loans to small businesses and loan guarantees
(b) State fair and coliseum activities
(c) Loans to municipalities for water pollution control
(d) Home mortgage loans to veterans
(e) Concessions and ticket sales to sporting events
(f) Port facilities
(g) Residential housing loans for lower and moderate income families
(h) Miscellaneous goods manufactured by blind persons
(i) Loans to Mississippi hospitals for hospital equipment
(j) Lime
(k) Processing, storing and marketing agricultural products
(l) Janitorial supplies, garden produce, firewood, and bindery services
(m) Food services
(n) Groceries
(o) Tree implanting
(p) Federal property distribution
(q) Port facilities
(r) Miscellaneous goods and services provided by handicapped citizens

Note 16 — Deferred Compensation Plan

The State, for the benefit of its employees, maintains a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the State and its political subdivisions, permits participants to defer a portion of their salary until future years, thereby deferring taxation on the portion deferred. The deferred compensation is not available to employees until they are separated from service or face a serious unforeseeable financial emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or his beneficiary) solely the property of the employer (without being restricted to the provisions of benefits under the plan), subject only to the claims of the general creditors of the State and other entities which employ deferred compensation participants. Participants' rights under the plan are equal to those of general creditors of the employers in an amount equal to the fair market value of the deferred account for each participant.

The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Board of Trustees of the Public Employees' Retirement System, as plan administrators, believes that it is unlikely that the State, counties, municipalities or other participating entities will use the assets to satisfy the claims of general creditors in the future.

At June 30, 1988 total plan assets aggregated $91,839,000. Of this amount, $58,152,000 was applicable to the State while the remaining $33,687,000 represents the assets of other jurisdictions participating in the plan.

of Corrections		Forestry Commission			Department of Rehabilitation Services	
Restaurants (m)	Commissary (n)	Tree Seedling (o)	Bureau of Surplus Property (p)	Yellow Creek Inland Port Authority (q)	Allied Enterprises (r)	Total
$ 238	$ 1,587	$	$ 527	$ 561	$ 5,081	$ 125,760
2	4		22	191		6,996
11	160	(246)	12	(5)	(3,494)	1,118
		465		345	3,911	5,854
	(224)				(411)	(675)
1	14			268	62	481
5	1					179
7	(51)	219	12	608	68	6,599
6			4			50,005
29	3		14	311		1,257
7	4		7	1		58
33	387	519	311	4,161	1,960	322,480
96	459	519	675	6,236	2,084	1,105,308
				250		801,167
80	408	519	604	5,847	1,960	149,358

Note 17 — Retirement Plans

Plan Description

A. General

In accordance with State statutes, the State of Mississippi, through its Public Employees' Retirement System Board of Trustees (System), administers the State's two defined benefit plans. Those plans are the Mississippi Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system established in 1953, and the Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single-employer public employee retirement system established in 1958. Any political subdivision or juristic entity within the State of Mississippi may elect to have its employees covered by PERS.

On July 1, 1987, as a result of certain legislation, the System assumed responsibility for administration of the Municipal Retirement System (MRS), an agent multiple-employer public employees' retirement system. MRS is composed of nineteen separate municipal retirement and fire and police disability and relief systems. MRS net assets available for benefits (aggregating $68,497,000) are included in the accompanying financial statements. The State neither contributes to this plan nor assumes any liability for benefits payable to members but does have the duty of due care required of an ordinary prudent investor.

PERS, MHSPRS and MRS are considered part of the State of Mississippi's financial reporting entity and are included in the accompanying financial statements as pension trust funds in the Trust and Agency fund type. The purpose of these plans is to provide pension benefits for all State employees, uniformed officers of the State highway patrol, and other public employees whose employers have elected to participate. All members of MHSPRS are employed by the State.

A summary of government employers participating in PERS and active PERS members by employer type at June 30, 1988 follows:

	Employers	Members
State agencies	128	27,499
Universities	10	12,732
Public schools	140	49,437
Junior colleges	17	3,611
Counties	92	8,078
Municipalities	195	11,436
Juristic entities	157	5,178
Total	739	117,971

At June 30, 1988, PERS and MHSPRS membership consisted of:

	PERS			MHSPRS
	State	Others	Total	
Retirees and beneficiaries of deceased retirees currently receiving benefits	10,254	19,159	29,413	395
Terminated employees entitled to benefits but not yet receiving them	15,194	63,479	78,673	64
Active employees:				
Vested	29,723	59,888	89,611	382
Non-vested	10,508	17,852	28,360	172
Total active employees	40,231	77,740	117,971	554
Total participants	65,679	160,378	226,057	1,013

B. Membership and Benefit Provisions

Public Employees' Retirement System Membership in PERS is a condition of employment; eligibility is granted upon hiring for all State agency and university employees if the employee is less than 60 years of age. For those employed by political subdivisions and instrumentalities of the State, membership is contingent upon the PERS Board of Trustees' approval of their employers' plan. If approved, membership is a condition of employment and eligibility is granted upon hiring. If an employee is over age 60, membership is optional.

Participating employees who retire at or after age 60 with 4 years of credited service or those who retire regardless of age with at least 25 years of credited service are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 1-3/4% of their average compensation, as defined, for each year of credited service up to and including 30 years and 2% for each year of credited service over 30 years. Employees with 25 to 29 years of credited service may retire regardless of age and receive a retirement benefit actuarially reduced for each year of service below 30 years. Average compensation is the average of the employee's earnings during the 4 highest consecutive years of credited service. Employees with 4 to 29 years of credited service may retire at or after age 60 but before age 65 and receive a reduced retirement benefit. A member may elect an option for a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of 4 years of credited service. PERS also provides certain death and disability benefits.

Retirees and beneficiaries who on December 1 of each year are receiving a retirement allowance are entitled to receive an additional payment equal to the annual percentage change in the consumer price index not to exceed 2-1/2% of the annual retirement allowance for each full fiscal year of retirement. These persons may also receive an additional amount, as determined by the PERS Board of Trustees contingent on sufficient funding, calculated in increments of 1/4 of 1% not to exceed 1-1/2% of the annual retirement allowance for each full year of retirement. For the year ended June 30, 1988, the total additional annual payment percentage was 3-1/4% (2-1/2% + 3/4%). The total amount of additional payments for 1988 was $32,326,000. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the State incurs no expense for post-retirement health benefits.

Mississippi Highway Safety Patrol Retirement System Membership in MHSPRS is a condition of employment; eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as uniformed officers of the Highway Patrol in the enforcement of the traffic laws of the State of Mississippi or in the drivers' license division.

Participating employees who withdraw from service at or after age 55 with at least 5 years of credited service or those who retire regardless of age with at least 30 years of credited service are entitled to an annual retirement allowance, payable monthly, in an amount equal to 2-1/2% of their average compensation for each year of credited service. Average compensation is based on earnings during the 4 most highly compensated consecutive years of credited service. Employees with at least 20 years of credited service may retire between ages 45 and 54 and receive a reduced retirement benefit. Benefits vest upon reaching 5 years of credited service. MHSPRS also provides certain death and disability benefits.

Retirees and beneficiaries who on December 1 of each year are receiving a retirement allowance are entitled to receive an additional payment equal to the annual percentage change in the consumer price index not to exceed 2-1/2% of the annual retirement allowance for each full fiscal year of retirement. These persons may also receive an additional amount, as determined by the PERS Board of Trustees contingent on sufficient funding, calculated in increments of 1/4 of 1%, not to exceed 1-1/2% of the annual retirement allowance for each full year of retirement. For the year ended June 30, 1988, the total additional annual payment percentage was 3-1/4% (2-1/2% + 3/4%). The total amount of additional payments for 1988 was $577,000. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the State incurs no expense for post retirement health benefits.

C. Employee and Employer Obligations to Contribute

Employees covered by PERS and MHSPRS are required to contribute 6% and 6.5%, respectively, of their salary. If an employee leaves covered employment, accumulated employee contributions plus, for individuals covered by PERS, allocated annual investment earnings are refunded to the employee upon request. Investment earnings allocations were 5% for 1988. Interest earnings are not allocated for MHSPRS accumulated employee contributions. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and investment earnings allocations are paid to the designated beneficiary. Each employer contributes the remaining amounts necessary to finance the participation of its own employees in the plans. Benefits and contribution provisions are established by State law and may be amended only by the Mississippi Legislature.

D. Funding Status and Progress

The amounts shown below as "pension benefit obligation" are a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. This measure, which represents the actuarial present value of credited projected benefits, is intended to help readers assess PERS and MHSPRS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the plans as discussed below under Contributions Required and Contributions Made.

The pension benefit obligation was determined based on an actuarial valuation at June 30, 1988. Significant actuarial assumptions used to compute the pension benefit obligation include: (a) a rate of return on investment of present and future assets of 8% per year compounded annually, (b) projected salary increases graduated by age from 5% to 9.3% per year compounded annually (of which 5% is attributable to inflation and the remainder attributable to merit), (c) annual post retirement cost of living increases of 2-1/2%, and (d) life expectancies before and after retirement based on the 1951 Group Mortality Table. See Note 4 for a detailed discussion of investment policies.

At June 30, 1988, the plans' unfunded pension benefit obligations were as follows (amounts expressed in thousands):

	PERS	MHSPRS	Total
Pension benefit obligation:			
Retirees and beneficiaries currently receiving benefits	$1,528,310	$ 62,820	$ 1,591,130
Terminated employees not yet receiving benefits	106,328	211	106,539
Current employees - accumulated employee contributions including allocated investment income	935,716	5,644	941,360
Employer-financed vested	262,763	6,716	269,479
Employer-financed non-vested	1,183,569	17,641	1,201,210
Total pension benefit obligation	4,016,686	93,032	4,109,718
Net assets available for benefits, at cost (Market Value-PERS $3,314,434; MHSPRS $83,030)	3,222,969	80,633	3,303,602
Unfunded pension benefit obligation	$ 793,717	$ 12,399	$ 806,116

The State's total pension benefit obligation and unfunded pension benefit obligation for PERS at June 30, 1988 aggregated $1,462,787,000 and $289,072,000, respectively.

E. Effects of Current Year Changes in Actuarial Assumptions and Benefit Provisions

Actuarial valuations of PERS and MHSPRS are performed every other year as of June 30 (on even-numbered years), the most recent as of June 30, 1988. Each valuation may be affected by changes in actuarial assumptions and changes in benefit provisions since the preceding valuation.

Effective for 1988, the Mississippi Legislature granted an enhanced benefit to members of PERS who have 25 or more years of service or otherwise qualify for a retirement benefit and increased the minimum monthly allowance for each year of service from $7.50 to $10.00. As a result of these changes, the plan's pension benefit obligation increased by $236,000,000, of which approximately $81,700,000 pertains to the State. There were no other significant changes in actuarial assumptions and benefit provisions during 1988.

F. Contributions Required and Contributions Made

Funding policies for PERS and MHSPRS provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. This method produces an employer contribution rate consisting of (a) normal cost (the level percentage of pay over the service life of an employee that is sufficient to pay benefits when due) and (b) amortization of the unfunded actuarial accrued liability. Actuarial valuations prepared as of June 30, 1988, the most recent valuation date, indicate that the unfunded liability liquidation periods of PERS and MHSPRS are 17 and 12 years, respectively, under the level percentage of payroll method.

Under the provisions of the plans, substantially all employees of employers participating in PERS and MHSPRS are covered by the plans. Therefore, total and covered payrolls are equal. Total covered payrolls for the year ended June 30, 1988 aggregated $2,021,815,000 and $11,539,000 for PERS and MHSPRS, respectively. Total covered State payroll aggregated $461,494,000.

Contributions for PERS and MHSPRS were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed at June 30, 1988. Plan contributions for all participants including $1,075,000 of fees collected by MHSPRS, for the year ended June 30, 1988 consisted of (amounts expressed in thousands):

	PERS		MHSPRS	
	Amount	Percentage of current covered payroll	Amount	Percentage of current covered payroll
Employers' contributions:				
Normal cost	$ 94,217	4.66%	$2,200	14.06%
Amortization of unfunded actuarial accrued liability	82,692	4.09%	1,895	12.10%
Employees' contributions:				
Normal cost	121,309	6.00%	750	6.50%
Total contributions	$298,218		$4,845	

Total State and State employee contributions to PERS for 1988 aggregated $39,342,000 and $26,991,000, respectively. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation described in Funding Status and Progress.

G. Historical Trend Information

Ten-Year -

Historical trend information designed to provide information about progress made by PERS and MHSPRS in accumulating sufficient assets to pay benefits when due is presented in the separately issued Component Unit Financial Report of the Public Employees' Retirement System for 1988.

Three-Year -

The following table provides an analysis of funding progress for MHSPRS during the years ended June 30, 1988, 1987 and 1986 (amounts expressed in thousands):

	Net assets available for benefits (a)	Pension benefit obligation (b)	(a) ÷ (b) (c)	Unfunded pension benefit obligation (d)	Annual covered payroll (e)	(d) ÷ (e) (f)	Employer annual covered payroll (g)	Employer contributions (h)	(h) ÷ (g) (i)
1986	$68,190	$81,821	83.3%	$13,631	$9,781	139.4%	$ 13,726	$ 3,591	26.16%
1987	75,543	88,016	85.8%	12,473	11,135	112.0%	10,006	2,618	26.16%
1988	80,633	93,032	86.7 %	12,399	11,639	106.5%	11,539	3,020	26.16%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of MHSPRS funding status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the public employee retirement system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made by MHSPRS in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the public employee retirement system.

Note 18—Commitments

A. Operating Leases

The State of Mississippi has entered into numerous agreements to lease land and buildings which are classified as operating leases. These agreements generally contain the provision that, at the expiration date of the lease, the State may renew the operating lease on a month-to-month basis. It is expected that in the normal course of business most of these leases will be renewed or replaced by similar leases. Future minimum commitments due under operating leases for land and buildings as of June 30, 1988 were as follows (amounts expressed in thousands):

Year Ending June 30	Amount
1989	$ 6,394
1990	4,351
1991	2,626
1992	1,535
1993	867
Thereafter	1,730
Total Minimum Commitments	$17,503

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 1988 amounted to $6,858,000.

B. Contracts

At June 30, 1988, the Highway Department had long-term contracts outstanding of approximately $202,850,000 with performance continuing during fiscal year 1989. These contracts will be paid through the General Fund. Approximately 60% of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific gasoline taxes.

The State Aid Road Division had long-term contracts of $19,880,000 outstanding at June 30, 1988 for construction of state and county roads. These contracts will be paid through the General Fund primarily from specific tax levies.

The Bureau of Building, Grounds and Real Property Management had outstanding construction contracts of $34,295,000 at June 30, 1988. These contracts will be paid from capital projects funds.

The universities have contracted for the construction of various facilities. At June 30, 1988 contracts of $33,122,000 were outstanding. These will be paid through the university funds from bond proceeds, transfers from capital projects funds and plant fund revenues.

Note 19—Contingencies

A. **Federal Grants** - The State has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State. The State estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

B. **Litigation** - The State has several actions filed against it by out-of-state insurance companies to seek substantial tax refunds. The parties have agreed to hold any major proceedings in these cases in obeyance until further guidance can be obtained from a case in the courts of another state. If the court should rule that collection of the tax was unconstitutional, the tax rate shall be increased 1% for a period of six years to fund any losses.

The State is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the State with respect to the various proceedings; however, the State's legal counsel believes that any ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the State.

General Fund

The General Fund accounts for resources obtained and used for those services traditionally provided by state government which are not required to be accounted for in another fund.

General Fund

Balance Sheet
June 30, 1988

	June 30, 1988	June 30, 1987
Assets:		
Cash and cash equivalents	$ 485,194,206	$ 392,942,014
Investments	137,000,000	77,000,000
Receivables, net		
Taxes	187,314,014	172,342,432
Interest	6,312,973	4,028,207
Due from other governments	107,697,828	95,443,742
Other	14,651,835	12,394,599
Interfund receivables	5,824,420	7,804,730
Food stamp inventory	103,335,638	82,249,243
Inventories	31,017,382	28,843,501
Loans and notes receivable	15,868,135	12,674,163
Loans to other funds	94,533	119,613
Total Assets	$ 1,094,310,964	$ 885,842,244
Liabilities:		
Warrants payable	$ 110,795,254	$ 61,479,739
Accounts payable and accruals	114,264,759	111,185,004
Income tax refunds payable	60,000,000	70,000,000
Due to other governments	86,303,795	64,695,360
Interfund payables	13,340,605	12,962,464
Deferred revenues	120,202,427	96,790,414
Loans from other funds	125,720	2,800,000
Total Liabilities	505,032,560	419,912,981
Fund Balance:		
Reserved for		
Encumbrances	12,741,117	8,693,376
Inventories	31,017,382	28,843,501
Long-term portion of loans, notes, and other receivables	16,120,849	12,147,325
Unreserved		
Designated for debt service	1,568,513	199,432
Designated for road and highway construction	187,128,587	131,083,397
Designated for other specific purposes	108,175,228	108,107,249
Undesignated	232,526,728	176,854,983
Total Fund Balance	589,278,404	465,929,263
Total Liabilities and Fund Balance	$ 1,094,310,964	$ 885,842,244

General Fund

Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance For the Year Ended June 30, 1988

	For the Year Ended	
	June 30, 1988	June 30, 1987
Revenues:		
Taxes:		
Sales and use	$ 998,278,412	$ 1,028,554,608
Gasoline	267,456,177	146,209,173
Motor fuel and privilege	35,745,786	32,564,066
Motor vehicle registration	25,541,153	16,638,198
Individual income	354,683,410	301,892,455
Alcoholic beverage	37,442,650	40,646,026
Corporate income and franchise	166,391,026	159,608,380
Severance	51,265,864	50,718,929
Inheritance	15,983,928	9,590,186
Tobacco	53,450,116	54,506,774
Insurance	78,025,929	72,592,006
Nuclear power	19,487,214	17,809,814
Other	4,834,402	4,808,616
Licenses, fees and permits:		
User fees	14,629,016	15,158,412
Drivers' licenses	6,874,370	5,893,681
Other	18,194,015	16,121,875
Federal government	1,243,728,139	1,134,941,451
Interest	38,370,926	28,981,932
Departmental services:		
Interdepartmental charges	3,668,631	4,559,998
Sale of supplies and services outside State government	137,763,264	141,856,758
Rentals	4,257,218	4,249,733
Other	30,472,943	22,860,212
Total Revenues	3,606,544,589	3,310,763,283
Expenditures:		
Current:		
General government	473,570,540	467,728,304
Education	1,079,023,944	989,852,829
Health and social services	1,134,287,823	1,015,369,320
Law, justice and public safety	125,936,880	115,498,022
Recreation and resources development	55,965,412	52,888,854
Transportation	358,253,352	336,817,295
Debt service:		
Principal	20,901,363	9,679,680
Interest and other fiscal charges	7,143,913	2,110,753
Total Expenditures	3,255,083,227	2,989,945,057
Excess of Revenues over (under) Expenditures	351,461,362	320,818,226
Other Financing Sources (Uses):		
Proceeds of notes and bonds issued	61,901,845	23,869,000
Proceeds of capital leases	8,495,856	3,250,240
Operating transfers in	43,817,460	79,645,609
Operating transfers out	(345,424,706)	(348,200,107)
Net Other Financing Sources (Uses)	(231,209,545)	(241,435,258)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	120,251,817	79,382,968
Fund Balance July 1	465,929,263	384,204,334
Residual Equity Transfer In	790,546	1,916,992
Increase in Reserve for Inventories	2,306,778	424,969
Fund Balance June 30	$ 589,278,404	$ 465,929,263

General Fund

Schedule of Current Expenditures by Function and Agency
For the Year Ended June 30, 1988

	For the Year Ended	
	June 30, 1988	June 30, 1987
General Government:		
Legislative (includes Legislative Budget Office and Legislative Office of Performance Evaluation and Expenditures Review)	$ 10,373,420	$ 9,432,438
Governor's Office and Mansion	2,089,722	1,024,910
Governor's Office of General Services	6,755,990	6,047,919
Governor's Office of Federal-State Programs	806,847	748,983
Secretary of State	2,912,691	2,537,191
Department of Audit	7,209,596	6,940,328
Fiscal Management Board	26,725,103	2,545,586
Treasurer	711,732	588,037
Tax Commission	197,260,430	193,297,326
Department of Archives and History	3,774,058	3,593,337
Department of Insurance	2,268,797	1,696,982
National Guard Aircraft Pool	558,135	529,455
Diversion to Counties and Cities	210,972,888	237,355,222
Other	1,151,131	1,390,590
Total General Government	473,570,540	467,728,304
Education:		
Department of Education	357,569,124	321,382,920
Minimum Education Program	627,576,070	591,435,759
Educational Finance Commission	8,040,502	5,735,564
Junior Colleges	62,015,712	50,184,909
Authority for Educational Television	6,585,884	6,293,645
Schools for Blind and Deaf	5,939,215	5,131,107
Department of Rehabilitation for the Blind	6,309,896	5,029,878
Library Commission	4,987,541	4,659,047
Total Education	1,079,023,944	989,852,829
Health and Social Services:		
Department of Health	104,869,769	91,943,445
Division of Medicaid (Governor's Office)	418,861,225	358,630,243
Eleemosynary Institutions	113,803	8,855,487
Department of Mental Health and Related Institutions	134,712,380	109,315,436
Department of Public Welfare	473,033,016	442,588,867
Other	2,697,630	4,035,842
Total Health and Social Services	1,134,287,823	1,015,369,320
Law, Justice and Public Safety:		
Attorney General	4,984,328	4,215,246
Circuit and Chancery Judges and District Attorneys	11,408,675	11,112,675
Department of Corrections	58,037,150	53,678,311
Department of Youth Services	9,619,577	9,029,126
Military Department	2,865,174	2,703,855
Department of Public Safety	31,102,764	27,593,494
Bureau of Narcotics	4,067,095	3,756,857
Supreme Court and Clerk	2,443,328	2,171,770
Other	1,408,789	1,236,688
Total Law, Justice and Public Safety	125,936,880	115,498,022
Recreation and Resources Development:		
Department of Agriculture and Commerce	8,262,115	6,630,817
Department of Economic Development	7,584,937	7,749,961
Forestry Commission	20,478,530	18,348,022
Department of Natural Resources	18,921,121	18,721,269
Other	718,709	1,438,785
Total Recreation and Resources Development	55,965,412	52,888,854
Transportation:		
Highway Department	313,554,434	309,791,191
State Aid Road Division	44,698,918	27,026,104
Total Transportation	358,253,352	336,817,295
Total Expenditures by Function and Department	$ 3,227,037,951	$ 2,978,154,624

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Significant Special Revenue Funds Descriptions

The numerous special revenue funds used by the State have been grouped by organizational unit and combined into specific functions.

General Government

Tax Commission	**Telecommunications Fund** — accounts for the operation of a statewide information system on motor vehicles. Funding is provided by motor vehicle title and privilege fees collected by and transferred from the General Fund.
Federal-State Programs	**Grant Distributive, Alcohol Programs, and Revenue Sharing Fund** — accounts for grant monies received from the federal government, transfers from the General Fund, penalty assessments on motor vehicle operation offenses involving intoxication, and interest distributed to other state departments in accordance with program requirements.
Emergency Management Agency	**Emergency Management Fund** — accounts for grant monies received from the federal government and transfers from the General Fund. Expenditures are restricted by the various grant agreements but all pertain to emergency management programs and their administration.
Fiscal Management Board	**Court Assessments and Settlements Fund** — accounts for monies received as a result of a court assessment to provide restitution to overcharged customers. Transfers from these funds are restricted to programs providing conservation and assistance benefits to energy consumers.

Health and Social Services

Department of Rehabilitation Services	**Rehabilitation Services Fund** — accounts for federal and state monies used to provide vocational rehabilitation programs for the handicapped. **Disability Determination Fund** — accounts for funds received from the federal government for the specific purpose of evaluating applicants for Social Security benefits consistent with laws and regulations pertaining to disability eligibility.
Department of Mental Health	**Alcohol and Drug Abuse Program Fund** — accounts for a three percent tax on alcoholic beverages collected by and transferred from the General Fund for the purpose of administering drug and alcohol abuse treatment and rehabilitation programs. Expenditures consist primarily of grants for regional alcohol treatment programs, vocational rehabilitation services, inpatient treatment programs, and alcohol rehabilitation programs for the Department of Corrections.
Employment Security Commission	**Employment Services Fund** — accounts for monies received from the federal government for administering the Unemployment Compensation Act.

Law, Justice and Public Safety

Department of Corrections

Community Services Fund — provides alternative diversionary programs which subject individuals to the minimum supervision and control that the inmate requires in lieu of incarceration within the penitentiary. Revenue is provided by probation release fees.

Military Department

Camp Shelby Timber Fund — accounts for funds received from sale of timber, mineral leases on lands, and store sales. Expenditures are for the maintenance of Camp Shelby.

Facility Maintenance and Operation Fund — accounts for monies received from the federal government to maintain, expand, and improve armory facilities within the State.

Camp Shelby Base Operation Fund — accounts for federal monies received for the specific purpose of training troops.

Equipment Pool Fund — accounts for costs of storing and maintaining U.S. Army and Reserve equipment stored at the Camp Shelby training base. Revenue is primarily derived from the federal government.

Air National Guard Training Site Operation Fund — accounts for federal monies used primarily to pay the salaries of state employees working at the Gulfport Air National Guard training site.

Recreation and Resources Development

Department of Agriculture and Commerce

Rice Promotion Board — accounts for fees charged for the sale of rice. This revenue is expended to promote the rice industry through research, education, and advertising.

Soybean Promotion Fund — accounts for fees charged for the sale of soybeans. This revenue is expended to promote the soybean industry through research, education, and advertising.

Oil and Gas Board

Oil and Gas Board Fund — accounts for fees imposed on producing wells, drilling, and operations. Funds are used to protect public and private interests against waste in the production and use of oil and gas, to obtain full development in oil production within the State, and to maintain records of all oil and gas wells drilled and producing.

Department of Wildlife Conservation and Marine Resources

Bureau of Fisheries and Wildlife Fund — accounts for expenditures of enforcing laws for the preservation and protection of the State's wildlife resources and enhancing their environments. Additional responsibilities and expenses of this bureau and fund are enforcement of boating safety on state lakes and streams and enforcement of hunter safety. The Bureau of Fisheries and Wildlife Fund also shares in administrative costs of the Department of Wildlife Conservation through operating transfers to the administrative fund. Revenues are derived from the sale of hunting and fishing licenses, fees, and permits.

Administrative Fund — accounts for wildlife conservation related administrative costs including accounting, public relations, personnel, purchases, data processing, property control, and printing. Funding is provided by transfers from the Bureau of Fisheries and Wildlife Fund and the General Fund.

Motor Vehicle Fund — accounts for the purchase of motor vehicles for the Department of Wildlife Conservation and Marine Resources. Funding is provided primarily from eight percent of the proceeds from the sale of hunting and fishing licenses, fees, and permits.

Bureau of Marine Resources Fund — accounts for expenditures of conserving and protecting marine resources and of administering coastal zone, liaison, and statistical programs as directed by the National Office of Marine Fisheries. Funding is provided by transfers from the General Fund and by federal grants.

Regulation of Business and Professions

Public Service Commission	**Public Service Commission Fund** — accounts for the costs of regulating all for-hire transportation and communication, electric, gas, water and sewer utilities. Revenue is derived principally from motor carrier application and registration fees and utilities tax assessments.
Workers' Compensation Commission	**Workers' Compensation Commission Fund** — accounts for expenditures relating to administering the provisions of the Mississippi Worker's Compensation Law, which include cooperating with other state and federal authorities for the prevention of injuries and occupational diseases and, in the event of such injuries and diseases, coordinating the rehabilitation or restoration to health and vocational opportunity of the affected worker.
Department of Banking and Consumer Finance	**Bank Supervision Administrative Fund** — accounts for assessment fees charged to banks to fund the regulation and supervision of banks operating within the State. **Consumer Finance Fund** — accounts for funds collected in the examining and licensing of motor vehicle finance organizations and small loan organizations.
Other Regulatory Agencies	**Other Regulatory Agencies Fund** — provides for the control and regulation of various professions by boards and commissions established for this purpose. Revenue is provided by examination and license renewal fees. Each board or commission has its own account within this fund to account for its operation.

Transportation

Department of Energy and Transportation	**Energy and Transportation Fund** — accounts for state and federal monies and other revenues used to coordinate the State's energy and transportation activities, needs, and programs and to develop a statewide transportation system. **Railroad Loan Fund** — accounts for loans made to railways to revitalize the railroad industry. Funding is provided by loan repayments and interest.

Special Revenue Funds

Combining Balance Sheet
June 30, 1988

	General Government	Education	Health and Social Services	Law, Justice and Public Safety
Assets:				
Cash and cash equivalents	$ 19,388,106	$ 520,523	$ 8,442,852	$ 3,510,248
Investments	315,220			
Receivables, net				
Interest	20,034			671
Due from other governments	11,942,265		2,144,479	304,996
Other	10,667	886	36,668	17,840
Interfund receivables	770,687	74,727	2,975,606	112,108
Inventories			208,798	441,390
Loans and notes receivable				
Total Assets	$ 32,446,979	$ 596,136	$ 13,808,403	$ 4,387,253
Liabilities:				
Warrants payable	$ 3,017,319	$ 16,728	$ 3,136,161	$ 836,129
Accounts payable and accruals	699,172	4,414	1,465,746	500,488
Due to other governments	8,441,107		58,657	25,389
Interfund payables	4,052,130	2,819	336,563	81,280
Deferred revenues	2,141,211	28,082	1,350,206	533,811
Loans from other funds			136,472	
Total Liabilities	18,350,939	52,043	6,483,805	1,977,097
Fund Balances:				
Reserved for				
Encumbrances	86,793		886,217	179,343
Inventories			208,798	441,390
Long-term portion of loans and notes receivable				
Unreserved				
Designated for other specific purposes		276,584		
Undesignated	14,009,247	267,509	6,229,583	1,789,423
Total Fund Balances	14,096,040	544,093	7,324,598	2,410,156
Total Liabilities and Fund Balances	$ 32,446,979	$ 596,136	$ 13,808,403	$ 4,387,253

Recreation and Resources Development	Regulation of Business and Professions	Transportation	Totals June 30, 1988	Totals June 30, 1987
$ 13,569,661	$ 14,532,873	$ 25,325,395	$ 85,289,658	$ 94,016,339
			315,220	1,000,000
50,736	8,375	99,320	179,136	2,461,779
558,145	136,229	213,038	15,299,152	19,981,803
13,823	43,716	11,117	134,717	680,668
89,081	1,727,902	19,444	5,769,555	4,158,786
58,288	979		709,455	847,994
		1,001,881	1,001,881	6,882,879
$ 14,339,734	$ 16,450,074	$ 26,670,195	$ 108,698,774	$ 130,030,248
$ 1,330,576	$ 635,904	$ 234,126	$ 9,206,943	$ 10,481,465
495,168	296,079	216,591	3,677,658	3,641,800
3,526			8,528,679	3,863,304
149,837	45,522	6,937	4,675,088	11,131,834
428,450	2,421,374	702	6,903,836	13,293,349
			136,472	163,676
2,407,557	3,398,879	458,356	33,128,676	42,575,428
217,879	65,341	2,163,629	3,599,202	1,642,229
58,288	979		709,455	847,994
		654,528	654,528	4,186,666
			276,584	266,126
11,656,010	12,984,875	23,393,682	70,330,329	80,511,805
11,932,177	13,051,195	26,211,839	75,570,098	87,454,820
$ 14,339,734	$ 16,450,074	$ 26,670,195	$ 108,698,774	$ 130,030,248

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
For the Year Ended June 30, 1988

	General Government	Education	Health and Social Services	Law, Justice and Public Safety
Revenues:				
Taxes	$	$	$	$
Licenses, fees and permits	455,208	84,860	246,968	1,466,708
Federal government	133,626,458	197,158	56,192,384	11,840,501
Interest	724,817	32,118	15,524	32,758
Departmental services	54,839	90,058	152,244	1,808,659
Rental	222,539	9,960	185,219	
Court assessments	1,912,526		4,435	
Other	1,064,636	9,404	1,705,963	588,687
Total Revenues	138,061,023	423,558	58,502,737	15,737,313
Expenditures:				
Current				
General government	102,522,812			
Education		360,647		
Health and social services			76,245,123	
Law, justice and public safety				15,384,147
Recreation and resources development				
Regulation of business and professions				
Transportation				
Debt service:				
Principal	366,457			
Interest	117,528			
Total Expenditures	103,006,797	360,647	76,245,123	15,384,147
Excess of Revenues over (under) Expenditures	35,054,226	62,911	(17,742,386)	353,166
Other Financing Sources (Uses):				
Proceeds of capital leases				
Operating transfers in	14,930,495	487	32,765,696	1,110,681
Operating transfers out	(73,488,479)		(14,555,242)	(530,446)
Net Other Financing Sources (Uses)	(58,557,984)	487	18,210,454	580,235
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(23,503,758)	63,398	468,068	933,401
Fund Balances July 1	37,599,798	480,695	7,059,277	1,630,552
Residual Equity Transfers Out			(202,832)	
Increase (Decrease) in Reserve for Inventories			85	(153,797)
Fund Balances June 30	$ 14,096,040	$ 544,093	$ 7,324,598	$ 2,410,156

			Totals for the Year Ended	
Recreation and Resources Development	Regulation of Business and Professions	Transportation	June 30, 1988	June 30, 1987
$	$ 175,000	$	$ 175,000	$ 175,000
9,754,690	16,245,540		28,253,974	28,249,754
4,703,590	113,965	3,815,432	210,489,488	222,716,658
643,796	146,095	1,083,690	2,678,798	3,281,401
853,688	35,460	11,316	3,006,264	2,637,837
			417,718	890,015
			1,916,961	12,320,796
370,031	52,770	337,624	4,129,115	2,112,303
16,325,795	16,768,830	5,248,062	251,067,318	272,383,764
			102,522,812	95,635,162
			360,647	298,034
			76,245,123	76,123,193
			15,384,147	13,423,669
20,201,066			20,201,066	18,298,029
	12,529,439		12,529,439	11,691,234
		10,258,407	10,258,407	9,069,464
	60,000		426,457	314,091
			117,528	169,893
20,201,066	12,589,439	10,258,407	238,045,626	225,022,769
(3,875,271)	4,179,391	(5,010,345)	13,021,692	47,360,995
	177,910		177,910	
4,914,567		14,395,104	68,117,030	69,357,365
(2,964,178)	(62,415)	(671,509)	(92,272,269)	(96,312,122)
1,950,389	115,495	13,723,595	(23,977,329)	(26,954,757)
(1,924,882)	4,294,886	8,713,250	(10,955,637)	20,406,238
13,841,813	9,344,096	17,498,589	87,454,820	68,763,930
	(587,714)		(790,546)	(1,866,992)
15,246	(73)		(138,539)	151,644
$ 11,932,177	$ 13,051,195	$ 26,211,839	$ 75,570,098	$ 87,454,820

Combining Balance Sheet
General Government
June 30, 1988

	Tax Commission			
	Telecommunication	Mineral Documentary Stamp	**Federal-State Programs**	**Emergency Management**
Assets:				
Cash and cash equivalents	$ 2,876,231	$ 3,433	$ 5,539,598	$ 1,206,946
Investments			315,220	
Receivables, net:				
Interest				
Due from other governments			11,887,153	55,112
Other			9,250	
Interfund receivables	573,760		196,927	
Loans and notes receivable				
Total Assets	$ 3,449,991	$ 3,433	$ 17,948,148	$ 1,262,058
Liabilities:				
Warrants payable	$ 58,168	$	$ 2,842,740	$ 110,231
Accounts payable and accruals	9,138		588,718	100,660
Due to other governments			8,027,373	412,226
Interfund payables	45,070		3,780,438	5,569
Deferred revenues			2,121,766	19,445
Total Liabilities	112,376		17,361,035	648,131
Fund Balances:				
Reserved for:				
Encumbrances	23,803		44,110	18,880
Long term portion of loans and notes receivable				
Unreserved:				
Undesignated	3,313,812	3,433	543,003	595,047
Total Fund Balances	3,337,615	3,433	587,113	613,927
Total Liabilities and Fund Balances	$ 3,449,991	$ 3,433	$ 17,948,148	$ 1,262,058

Fiscal Management Board	General Services		Totals	
Court Assessments and Settlements	Land Leasing	Other	June 30, 1988	June 30, 1987
$ 9,503,706	$ 2,814	$ 255,378	$ 19,388,106	$ 35,207,936
			315,220	1,000,000
17,993		2,041	20,034	286,056
			11,942,265	16,389,915
	1,417		10,667	129,959
			770,687	1,419,538
				5,801,768
$ 9,521,699	$ 4,231	$ 257,419	$ 32,446,979	$ 60,235,172
$	$	$ 6,180	$ 3,017,319	$ 4,074,000
		656	699,172	236,575
		1,508	8,441,107	3,848,449
	221,053		4,052,130	6,542,022
			2,141,211	7,934,328
	221,053	8,344	18,350,939	22,635,374
			86,793	60,780
				3,337,700
9,521,699	(216,822)	249,075	14,009,247	34,201,318
9,521,699	(216,822)	249,075	14,096,040	37,599,798
$ 9,521,699	$ 4,231	$ 257,419	$ 32,446,979	$ 60,235,172

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
General Government
For the Year Ended June 30, 1988

	Tax Commission			
	Telecommunication	Mineral Documentary Stamp	Federal-State Programs	Emergency Management
Revenues:				
Licenses, fees and permits	$	$ 594	$ 186,484	$ 4,500
Federal government			131,344,296	2,282,162
Interest			75,481	
Departmental services			50,059	3,750
Rental				
Court assessments				
Other			967,919	79,659
Total Revenues		594	132,624,239	2,370,071
Expenditures:				
Current:				
General government	1,667,816		97,409,329	3,153,838
Debt service:				
Principal	366,457			
Interest	117,528			
Total Expenditures	2,151,801		97,409,329	3,153,838
Excess of Revenues over (under) Expenditures	(2,151,801)	594	35,214,910	(783,767)
Other Financing Sources (Uses):				
Operating transfers in	3,225,326		6,011,377	721,765
Operating transfers out			(51,228,575)	(537,739)
Net Other Financing Sources (Uses)	3,225,326		(45,217,198)	184,026
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,073,525	594	(10,002,288)	(599,741)
Fund Balances July 1	2,264,090	2,839	10,589,401	1,213,668
Fund Balances June 30	$ 3,337,615	$ 3,433	$ 587,113	$ 613,927

Fiscal Management Board	**General Services**		**Totals for the Year Ended**	
Court Assessments and Settlements	Land Leasing	Other	June 30, 1988	June 30, 1987
$	$	$ 263,630	$ 455,208	$ 692,077
			133,626,458	148,111,921
640,305	720	8,311	724,817	1,633,931
		1,030	54,839	2,801
	222,539		222,539	574,989
1,912,526			1,912,526	12,320,796
		17,058	1,064,636	596,531
2,552,831	223,259	290,029	138,061,023	163,933,046
		291,829	102,522,812	95,635,162
			366,457	314,091
			117,528	169,893
		291,829	103,006,797	96,119,146
2,552,831	223,259	(1,800)	35,054,226	67,813,900
4,972,027			14,930,495	12,854,448
(21,498,906)	(223,259)		(73,488,479)	(76,456,345)
(16,526,879)	(223,259)		(58,557,984)	(63,601,897)
(13,974,048)		(1,800)	(23,503,758)	4,212,003
23,495,747	(216,822)	250,875	37,599,798	33,387,795
$ 9,521,699	$ (216,822)	$ 249,075	$ 14,096,040	$ 37,599,798

Combining Balance Sheet
Education
June 30, 1988

	Department of Education	Vocational Rehabilitation for the Blind	Other	Totals	
				June 30, 1988	June 30, 1987
Assets:					
Cash and cash equivalents	$ 126,528	$ 57,226	$ 336,769	$ 520,523	$ 464,950
Receivables, net:					
Interest					747
Other			886	886	986
Interfund receivables		73,306	1,421	74,727	74,829
Total Assets	$ 126,528	$ 130,532	$ 339,076	$ 596,136	$ 541,512
Liabilities:					
Warrants payable	$ 16,368	$ 360	$	$ 16,728	$ 11,598
Accounts payable and accruals	1,294	2,759	361	4,414	33,342
Interfund payables			2,819	2,819	462
Deferred revenues	28,082			28,082	15,415
Total Liabilities	45,744	3,119	3,180	52,043	60,817
Fund Balances:					
Reserved for encumbrances					12
Unreserved					
Designated for other specific purposes			276,584	276,584	266,126
Undesignated	80,784	127,413	59,312	267,509	214,557
Total Fund Balances	80,784	127,413	335,896	544,093	480,695
Total Liabilities and Fund Balances	$ 126,528	$ 130,532	$ 339,076	$ 596,136	$ 541,512

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
Education
For the Year Ended June 30, 1988

	Department of Education	Vocational Rehabilitation for the Blind	Other	Totals for the Year Ended June 30, 1988	Totals for the Year Ended June 30, 1987
Revenues:					
Licenses, fees and permits	$ 58,239	$	$ 26,621	$ 84,860	$ 11,256
Federal government	197,158			197,158	143,861
Interest	2,385	6,447	23,286	32,118	29,883
Departmental services	23,210	48,294	18,554	90,058	93,120
Rental			9,960	9,960	9,960
Other	1,201		8,203	9,404	64,501
Total Revenues	282,193	54,741	86,624	423,558	352,581
Expenditures:					
Education	253,996	35,616	71,035	360,647	298,034
Excess of Revenues over (under) Expenditures	28,197	19,125	15,589	62,911	54,547
Other Financing Sources (Uses):					
Other operating transfers in			487	487	8,259
Other operating transfers out					(27,137)
Net Other Financing Sources (Uses)			487	487	(18,878)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	28,197	19,125	16,076	63,398	35,669
Fund Balances July 1	52,587	108,288	319,820	480,695	1,748,105
Residual Equity Transfer Out					(1,303,079)
Fund Balances June 30	$ 80,784	$ 127,413	$ 335,896	$ 544,093	$ 480,695

Combining Balance Sheet
Health and Social Services
June 30, 1988

	Department of Rehabilitation Services		Department of Mental Health	
	Rehabilitation Services	Disability Determination	Alcohol and Drug Abuse Program	Social Services
Assets:				
Cash and cash equivalents	$ 3,330,370	$ 771,928	$ 313,132	$ 52,828
Receivables, net:				
Interest				
Due from other governments	1,549,160	145,182		
Other	20,126			10,053
Interfund receivables	130,904		227,178	
Inventories	36,808			
Total Assets	$ 5,067,368	$ 917,110	$ 540,310	$ 62,881
Liabilities:				
Warrants payable	$ 943,753	$ 659,652	$ 113,454	$
Accounts payable and accruals	794,209	285,138	140,379	2,648
Due to other governments	40,704			
Interfund payables	58,926	38,907	63,827	
Deferred revenues	932,330			
Loans from other funds				
Total Liabilities	2,769,922	983,697	317,660	2,648
Fund Balances:				
Reserved for:				
Encumbrances	497,362	281,523	394	
Inventories	36,808			
Unreserved				
Undesignated	1,763,276	(348,110)	222,256	60,233
Total Fund Balances	2,297,446	(66,587)	222,650	60,233
Total Liabilities and Fund Balances	$ 5,067,368	$ 917,110	$ 540,310	$ 62,881

Employment Security Commission		Totals	
Employment Services	Other	June 30, 1988	June 30, 1987
$ 3,953,115	$ 21,479	$ 8,442,852	$ 8,759,023
			2,025,370
450,137		2,144,479	1,778,804
6,489		36,668	70,812
2,617,524		2,975,606	2,390,083
171,990		208,798	208,713
$ 7,199,255	$ 21,479	$ 13,808,403	$ 15,232,805
$ 1,419,302	$	$ 3,136,161	$ 3,019,248
243,372		1,465,746	2,335,387
17,953		58,657	12,912
174,903		336,563	1,485,426
417,876		1,350,206	1,156,879
136,472		136,472	163,676
2,409,878		6,483,805	8,173,528
106,938		886,217	607,555
171,990		208,798	208,713
4,510,449	21,479	6,229,583	6,243,009
4,789,377	21,479	7,324,598	7,059,277
$ 7,199,255	$ 21,479	$ 13,808,403	$ 15,232,805

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
Health and Social Services
For the Year Ended June 30, 1988

	Department of Rehabilitation Services	
	Rehabilitation Services	Disability Determination
Revenues:		
Licenses, fees and permits	$ 6	$
Federal government	17,570,509	12,110,474
Interest	13,161	
Departmental services	2,684	
Rental	185,219	–
Court assessments	4,435	
Other	317,869	21,518
Total Revenues	18,093,883	12,131,992
Expenditures		
Health and social services	18,711,601	11,734,851
Excess of Revenues over (under) Expenditures	(617,718)	397,141
Other Financing Sources (Uses):		
Operating transfers in	6,107,240	
Operating transfers out	(4,441,736)	(296,118)
Net Other Financing Sources (Uses)	1,665,504	(296,118)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,047,786	101,023
Fund Balances July 1	1,239,155	(167,610)
Residual Equity Transfer Out		
Increase (Decrease) in Reserve for Inventories	10,505	
Fund Balances June 30	$ 2,297,446	$ (66,587)

Department of Mental Health		Employment Security Commission	Department of Health		Totals for the Year Ended	
Alcohol and Drug Abuse Program	Social Services	Employment Services	Domestic Violence	Other	June 30, 1988	June 30, 1987
$	$ 246,962	$	$	$	$ 246,968	$ 2,939,885
		26,511,401			56,192,384	54,706,188
	1,300			1,063	15,524	9,039
	149,560				152,244	381,964
					185,219	305,066
					4,435	
942	29,056	1,309,710		26,868	1,705,963	883,240
942	426,878	27,821,111		27,931	58,502,737	59,225,382
2,099,295	416,948	43,257,968		24,460	76,245,123	76,123,193
(2,098,353)	9,930	(15,436,857)		3,471	(17,742,386)	(16,897,811)
2,540,811		24,117,645			32,765,696	33,905,647
(360,000)		(9,457,388)			(14,555,242)	(12,959,155)
2,180,811		14,660,257			18,210,454	20,946,492
82,458	9,930	(776,600)		3,471	468,068	4,048,681
140,192	50,303	5,576,397	202,832	18,008	7,059,277	3,446,598
			(202,832)		(202,832)	(438,566)
		(10,420)			85	2,564
$ 222,650	$ 60,233	$ 4,789,377	$ 0	$ 21,479	$ 7,324,598	$ 7,059,277

Combining Balance Sheet
Law, Justice and Public Safety
June 30, 1988

	Attorney General	Department of Corrections		
	Medicaid	Community Services	Inmate Welfare and Training	Discharged Offenders
Assets:				
Cash and cash equivalents	$ 49,888	$ 336,330	$ 459,543	$ 5,756
Receivables, net:				
Interest				
Due from other governments	75,348			
Other			130	
Interfund receivables			83,208	
Inventories				
Total Assets	$ 125,236	$ 336,330	$ 542,881	$ 5,756
Liabilities:				
Warrants payable	$ 32,860	$ 42,155	$ 2,886	$
Accounts payable and accruals	4,245	3,388	12,094	
Due to other governments				
Interfund payables	1,073	13,951		
Deferred revenues				
Total Liabilities	38,178	59,494	14,980	
Fund Balances:				
Reserved for:				
Encumbrances	239	111	19,957	
Inventories				
Unreserved:				
Undesignated	86,819	276,725	507,944	5,756
Total Fund Balances	87,058	276,836	527,901	5,756
Total Liabilities and Fund Balances	$ 125,236	$ 336,330	$ 542,881	$ 5,756

Military Department							Totals	
Camp Shelby Timber	Facility Maintenance and Operation	Camp Shelby Base Operation	Equipment Pool	National Guard Recreation	Air National Guard Training Site Operation	Other	June 30, 1988	June 30, 1987
$ 462,967	$ 478,052	$ 1,145,810	$ 83,526	$ 48,530	$ 78,460	$ 361,386	$ 3,510,248	$ 2,664,818
671							671	705
	127,440	93,567			8,641		304,996	249,798
		17,710					17,840	19,047
		28,900					112,108	434
		441,390					441,390	595,187
$ 463,638	$ 605,492	$ 1,727,377	$ 83,526	$ 48,530	$ 87,101	$ 361,386	$ 4,387,253	$ 3,529,989
$ 4,937	$ 233,842	$ 421,319	$ 35,474	$ 211	$ 62,445	$ 800	$ 836,129	$ 829,555
5,025	64,932	369,750	39,845	409			500,488	355,196
		25,389					25,389	1,943
4,671	36,204	19,585		609	5,187		81,280	48,747
	265,870	253,103	8,207		6,631		533,811	663,996
14,633	600,848	1,089,146	83,526	1,229	74,263	800	1,977,097	1,899,437
	26,482	132,541		13			179,343	100,156
		441,390					441,390	595,187
449,005	(21,838)	64,300		47,288	12,838	360,586	1,789,423	935,209
449,005	4,644	638,231		47,301	12,838	360,586	2,410,156	1,630,552
$ 463,638	$ 605,492	$ 1,727,377	$ 83,526	$ 48,530	$ 87,101	$ 361,386	$ 4,387,253	$ 3,529,989

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
Law, Justice and Public Safety
For the Year Ended June 30, 1988

	Attorney General	Department of Corrections		
	Medicaid	Community Services	Inmate Welfare and Training	Discharged Offenders
Revenues:				
Licenses, fees and permits	$	$ 1,146,660	$ —	$ —
Federal government	370,434			
Interest		150	16,737	621
Departmental services			67,853	
Other			564,198	3,452
Total Revenues	370,434	1,146,810	648,788	4,073
Expenditures:				
Law, justice and public safety	433,204	572,032	658,604	140,712
Excess of Revenues over (under) Expenditures	(62,770)	574,778	(9,816)	(136,639)
Other Financing Sources (Uses):				
Operating transfers in	140,700		323,642	138,475
Operating transfers out		(515,238)		
Net Other Financing Sources (Uses)	140,700	(515,238)	323,642	138,475
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	77,930	59,540	313,826	1,836
Fund Balances July 1	9,128	217,296	214,075	3,920
Residual Equity Transfer Out				
Increase (Decrease) in Reserve for Inventories				
Fund Balances June 30	$ 87,058	$ 276,836	$ 527,901	$ 5,756

Military Department							Totals for the Year Ended	
Camp Shelby Timber	Facility Maintenance and Operation	Camp Shelby Base Operation	Equipment Pool	National Guard Recreation	Air National Guard Training Site Operation	Other	June 30, 1988	June 30, 1987
$	$	$	$	$	$	$ 320,048	$ 1,466,708	$ 1,178,747
	3,172,682	6,530,297	950,453		816,635		11,840,501	10,333,610
10,444						4,806	32,758	22,587
129,767		1,595,691		5,692		9,656	1,808,659	1,357,908
	1,056	1,979				18,002	588,687	88,676
140,211	3,173,738	8,127,967	950,453	5,692	816,635	352,512	15,737,313	12,981,528
62,688	3,691,073	8,018,317	958,707	2,783	813,969	32,058	15,384,147	13,423,669
77,523	(517,335)	109,650	(8,254)	2,909	2,666	320,454	353,166	(442,141)
	507,864						1,110,681	709,842
						(15,208)	(530,446)	(1,050,425)
	507,864					(15,208)	580,235	(340,583)
77,523	(9,471)	109,650	(8,254)	2,909	2,666	305,246	933,401	(782,724)
371,482	14,115	682,378	8,254	44,392	10,172	55,340	1,630,552	2,433,013
								(125,347)
		(153,797)					(153,797)	105,610
$ 449,005	$ 4,644	$ 638,231	$ 0	$ 47,301	$ 12,838	$ 360,586	$ 2,410,156	$ 1,630,552

Special Revenue Funds

Combining Balance Sheet
Recreation and Resources Development
June 30, 1988

	Department of Agriculture and Commerce				
	Rice Promotion	Soybean Promotion	Other	Forestry Commission	Oil and Gas Board
Assets					
Cash and cash equivalents	$ 7,807	$ 43,895	$ 12,362	$ 327,673	$ 1,195,116
Receivables, net					
Interest				1,051	
Due from other governments					
Other					3,916
Interfund receivables	2,233	12,036			
Inventories					
Total Assets	$ 10,040	$ 55,931	$ 12,362	$ 328,724	$ 1,199,032
Liabilities:					
Warrants payable	$ 2,743	$ 167	$ 18	$ 3,430	$ 121,462
Accounts payable and accruals	8	43,728	3,259	1,279	5,752
Due to other governments					
Interfund payables					
Deferred revenues					
Total Liabilities	2,751	43,895	3,277	4,709	127,214
Fund Balances:					
Reserved for:					
Encumbrances			31		13,807
Inventories					
Unreserved:					
Undesignated	7,289	12,036	9,054	324,015	1,058,011
Total Fund Balances	7,289	12,036	9,085	324,015	1,071,818
Total Liabilities and Fund Balances	$ 10,040	$ 55,931	$ 12,362	$ 328,724	$ 1,199,032

Department of Wildlife Conservation and Marine Resources						Totals	
Bureau of Fisheries and Wildlife	Administrative	Motor Vehicle	Bureau of Marine Resources	Other	**Other**	June 30, 1988	June 30, 1987
$ 8,167,781	$ 203,938	$ 733,218	$ 285,975	$ 2,440,858	$ 151,038	$ 13,569,661	$ 14,854,657
42,333		2,659		4,693		50,736	82,624
331,139	18		216,988		10,000	558,145	1,242,098
2,446						13,823	9,737
26,964	148	47,700		7,461		89,081	106,577
58,288						58,288	43,042
$ 8,628,951	$ 204,104	$ 783,577	$ 502,963	$ 2,453,012	$ 161,038	$ 14,339,734	$ 16,338,735
$ 924,837	$ 106,430	$	$ 163,513	$ 5,986	$ 1,990	$ 1,330,576	$ 1,328,747
197,185	28,548		208,456	721	6,232	495,168	434,197
3,500			26			3,526	
108,036	4,465		12,578	19,113	5,645	149,837	329,234
428,450						428,450	404,744
1,662,008	139,443		384,573	25,820	13,867	2,407,557	2,496,922
195,612	2,096		6,333			217,879	309,809
58,288						58,288	43,042
6,713,043	62,565	783,577	112,057	2,427,192	147,171	11,656,010	13,488,962
6,966,943	64,661	783,577	118,390	2,427,192	147,171	11,932,177	13,841,813
$ 8,628,951	$ 204,104	$ 783,577	$ 502,963	$ 2,453,012	$ 161,038	$ 14,339,734	$ 16,338,735

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
Recreation and Resources Development
For the Year Ended June 30, 1988

	Department of Agriculture and Commerce				
	Rice Promotion	Soybean Promotion	Other	Forestry Commission	Oil and Gas Board
Revenues:					
Licenses, fees and permits	$ 489,110	$ 336,734	$	$ 3,393	$ 1,335,635
Federal government					
Interest				4,854	
Departmental services					
Other	783				7,933
Total Revenues	489,893	336,734		8,247	1,343,568
Expenditures:					
Recreation and resources development	484,255	341,832	137,220	13,866	1,403,232
Excess of Revenues over (under) Expenditures	5,638	(5,098)	(137,220)	(5,619)	(59,664)
Other Financing Sources (Uses):					
Operating transfers in			132,040		
Operating transfers out			(1,500)	(5,252)	
Net Other Financing Sources (Uses)			130,540	(5,252)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	5,638	(5,098)	(6,680)	(10,871)	(59,664)
Fund Balances July 1	1,651	17,134	15,765	334,886	1,131,482
Residual Equity Transfer In (Out)					
Increase in Reserve for Inventories					
Fund Balances June 30	$ 7,289	$ 12,036	$ 9,085	$ 324,015	$ 1,071,818

Department of Wildlife Conservation and Marine Resources

Museum of Natural Science	Bureau of Fisheries and Wildlife	Administrative	Motor Vehicle	Bureau of Marine Resources	Other	**Other**	Totals for the Year Ended June 30, 1988	Totals for the Year Ended June 30, 1987
$	$ 6,421,410	$	$ 542,036	$ 9,406	$ 254,499	$ 362,467	$ 9,754,690	$ 9,445,531
	3,261,111			1,397,226	45,253		4,703,590	4,908,218
	470,215		49,627		113,532	5,568	643,796	680,560
	460,574	3,721	326,425	27,475	32,706	2,787	853,688	773,442
	278,369	317			64,421	18,208	370,031	205,083
	10,891,679	4,038	918,088	1,434,107	510,411	389,030	16,325,795	16,072,634
	11,636,935	1,777,039	1,109,348	2,917,251	326,851	53,236	20,201,066	18,298,029
	(745,256)	(1,773,001)	(191,260)	(1,483,144)	183,560	335,794	(3,875,271)	(2,225,395)
	1,219,113	1,800,000		1,508,964	254,450		4,914,567	4,262,141
	(2,349,584)			(311)	(273,563)	(333,968)	(2,964,178)	(2,637,484)
	(1,130,471)	1,800,000		1,508,653	(19,113)	(333,968)	1,950,389	1,674,657
	(1,875,727)	26,999	(191,260)	25,509	164,447	1,826	(1,924,882)	(550,738)
37,752	8,789,672	37,662	974,837	92,881	2,262,745	145,346	13,841,813	14,349,509
(37,752)	37,752							
	15,246						15,246	43,042
$ 0	$ 6,966,943	$ 64,661	$ 783,577	$ 118,390	$ 2,427,192	$ 147,172	$ 11,932,177	$ 13,841,813

Special Revenue Funds

Combining Balance Sheet
Regulation of Business and Professions
June 30, 1988

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance	
			Bank Supervision Administrative	Consumer Finance
Assets:				
Cash and cash equivalents	$ 4,589,315	$ 3,906,972	$ 1,096,185	$ 583,242
Receivables net:				
Interest		5,012		
Due from other governments	136,229			
Other		42,898	425	
Interfund receivables	1,727,902			
Inventories				
Total Assets	$ 6,453,446	$ 3,954,882	$ 1,096,610	$ 583,242
Liabilities:				
Warrants payable	$ 228,003	$ 151,263	$ 79,258	$ 16,816
Accounts payable and accruals	76,083	6,891	35,129	7,573
Interfund payables	19,338	13,522	3,149	803
Deferred revenues	2,379,574			
Total Liabilities	2,702,998	171,676	117,536	25,192
Fund Balances:				
Reserved for:				
Encumbrances		64,145		
Inventories				
Unreserved:				
Undesignated	3,750,448	3,719,061	979,074	558,050
Total Fund Balances	3,750,448	3,783,206	979,074	558,050
Total Liabilities and Fund Balances	$ 6,453,446	$ 3,954,882	$ 1,096,610	$ 583,242

Other Regulatory Agencies	Totals June 30, 1988	Totals June 30, 1987
$ 4,357,159	$ 14,532,873	$ 15,066,992
3,363	8,375	6,268
	136,229	115,498
393	43,716	378,092
	1,727,902	97,666
979	979	1,052
$ 4,361,894	$ 16,450,074	$ 15,665,568
$ 160,564	$ 635,904	$ 513,342
170,403	296,079	153,015
8,710	45,522	2,545,026
41,800	2,421,374	3,110,089
381,477	3,398,879	6,321,472
1,196	65,341	4,653
979	979	1,052
3,978,242	12,984,875	9,338,391
3,980,417	13,051,195	9,344,096
$ 4,361,894	$ 16,450,074	$ 15,665,568

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
Regulation of Business and Professions
For the Year Ended June 30, 1988

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance Bank Supervision Administrative	Department of Banking and Consumer Finance Consumer Finance
Revenues:				
Taxes	$ 175,000	$	$	$
Licenses, fees and permits	7,576,638	2,703,699	1,353,780	364,973
Federal government	113,965			
Interest		110,827		
Departmental services	2,569	5,384		
Other	5,014	1,213		
Total Revenues	7,873,186	2,821,123	1,353,780	364,973
Expenditures:				
Current				
Regulation of business and professions	4,302,770	2,594,658	1,441,556	284,825
Debt Service				
Principal		60,000		
Total Expenditures	4,302,770	2,654,658	1,441,556	284,825
Excess of Revenues over (under) Expenditures	3,570,416	166,465	(87,776)	80,148
Other Financing Sources (Uses):				
Proceeds of capital lease		177,910		
Operating transfers out				
Net Other Financing Sources (Uses)		177,910		
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	3,570,416	344,375	(87,776)	80,148
Fund Balances July 1	180,032	3,438,831	1,066,850	477,902
Residual Equity Transfer Out				
Increase (Decrease) in Reserve for Inventories				
Fund Balances June 30	$ 3,750,448	$ 3,783,206	$ 979,074	$ 558,050

Other Regulatory Agencies	Totals for the Year Ended June 30, 1988	 June 30, 1987
$	$ 175,000	$ 175,000
4,246,450	16,245,540	13,962,258
	113,965	156,733
35,268	146,095	128,964
27,507	35,460	28,582
46,543	52,770	56,726
4,355,768	16,768,830	14,508,263
3,905,630	12,529,439	11,691,234
	60,000	
3,905,630	12,589,439	11,691,234
450,138	4,179,391	2,817,029
	177,910	
(62,415)	(62,415)	(2,603,611)
(62,415)	115,495	(2,603,611)
387,723	4,294,886	213,418
4,180,481	9,344,096	9,130,250
(587,714)	(587,714)	
(73)	(73)	428
$ 3,980,417	$ 13,051,195	$ 9,344,096

Special Revenue Funds

Combining Balance Sheet
Transportation
June 30, 1988

		Department of Energy and Transportation		Totals	
	Aeronautics Commission	Energy and Transportation	Railroad Loan	June 30, 1988	June 30, 1987
Assets:					
Cash and cash equivalents	$ 57,717	$ 23,689,759	$ 1,577,919	$ 25,325,395	$ 16,997,963
Receivables, net					
Interest		92,071	7,249	99,320	60,009
Due from other governments		213,038		213,038	205,690
Other	11,117			11,117	72,035
Interfund receivables	19,444			19,444	69,659
Loans and notes receivable			1,001,881	1,001,881	1,081,111
Total Assets	$ 88,278	$ 23,994,868	$ 2,587,049	$ 26,670,195	$ 18,486,467
Liabilities:					
Warrants payable	$ 11,122	$ 223,004	$	$ 234,126	$ 704,975
Accounts payable and accruals	1,409	204,176	11,006	216,591	94,088
Interfund payables		6,937		6,937	180,917
Deferred revenues		702		702	7,898
Total Liabilities	12,531	434,819	11,006	458,356	987,878
Fund Balances:					
Reserved for					
Encumbrances		2,022,789	140,840	2,163,629	559,264
Long-term portion of loans and notes receivable			654,528	654,528	848,966
Unreserved					
Undesignated	75,747	21,537,260	1,780,675	23,393,682	16,090,359
Total Fund Balances	75,747	23,560,049	2,576,043	26,211,839	17,498,589
Total Liabilities and Fund Balances	$ 88,278	$ 23,994,868	$ 2,587,049	$ 26,670,195	$ 18,486,467

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
Transportation
For the Year Ended June 30, 1988

		Department of Energy and Transportation		Totals for the Year Ended	
	Aeronautics Commission	Energy and Transportation	Railroad Loan	June 30, 1988	June 30, 1987
Revenues:					
Federal government	$	$ 3,815,432	$	$ 3,815,432	$ 4,266,331
Interest		1,026,442	57,248	1,083,690	776,437
Departmental services	11,116	200		11,316	20
Other		298,483	39,141	337,624	217,542
Total Revenues	11,116	5,140,557	96,389	5,248,062	5,260,330
Expenditures:					
Transportation	167,540	10,090,867		10,258,407	9,069,464
Excess of Revenues over (under) Expenditures	(156,424)	(4,950,310)	96,389	(5,010,345)	(3,809,134)
Other Financing Sources (Uses):					
Operating transfers in	121,519	14,273,585		14,395,104	17,617,028
Operating transfers out		(671,509)		(671,509)	(577,965)
Net Other Financing Sources	121,519	13,602,076		13,723,595	17,039,063
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(34,905)	8,651,766	96,389	8,713,250	13,229,929
Fund Balances July 1	110,652	14,908,283	2,479,654	17,498,589	4,268,660
Fund Balances June 30	$ 75,747	$ 23,560,049	$ 2,576,043	$ 26,211,839	$ 17,498,589

Debt Service Funds

Debt service funds account for accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

Debt Service Funds Descriptions

Highway Revenue Refunding Bond Retirement and Interest Fund — accounts for payment of principal and interest on revenue refunding bonds issued in October, 1985 to refund outstanding highway bonds previously issued. Revenue is provided by gasoline tax allocations transferred from the General Fund.

Port Development (Litton) Bond Retirement and Interest Fund — accounts for payment of principal and interest on bonds issued for construction, expansion and facilities improvement at the Port Authority in Jackson County. Collections consist of loan principal and interest payments received from the Ingalls Shipbuilding Division of Litton Industries, Inc. These payments are unconditionally guaranteed by Litton Industries, Inc.

Public School Building Bond Retirement and Interest Fund — accounts for payment of principal and interest on bonds issued for construction of public school buildings. Funding consists of transfers from the General Fund.

Seed Testing Laboratory Bond Retirement and Interest Fund — accounts for payment of principal and interest on bonds issued for construction of the seed testing laboratory at the Division of Plant Industry. Funding is provided by fees charged for testing seeds.

Fire Academy Bond Retirement and Interest Fund — accounts for payment of principal and interest on bonds issued for construction at the State Fire Academy. Revenue is provided by transfers from the General Fund of a premium tax on multiperil insurance.

Office Facilities Bond Retirement and Interest Fund — Accounts for payment of principal and interest on bonds issued to purchase two office buildings and a warehouse.

State Aid Road Bond Retirement and Interest Fund — accounts for payment of principal and interest on bonds issued to construct state and county roads. Funding consists of transfers from the General Fund.

Debt Service Funds

Combining Balance Sheet
June 30, 1988

	Highway Revenue Refunding Bond Retirement and Interest	Port Development Bond Retirement and Interest	Public School Building Bond Retirement and Interest
Assets:			
Cash and cash equivalents	$ 9,971,166	$ 48,588	$ 1,577,073
Investments	94,443,002		
Interest receivable	1,024,934		50,424
Interfund receivables			
Note receivable		68,870,000	
Total Assets	$ 105,439,102	$ 68,918,588	$ 1,627,497
Liabilities:			
Warrants payable	$	$	$ 20,593
Interfund payables	271,998		
Total Liabilities	271,998		20,593
Fund Balances:			
Reserved for long-term note receivable		68,870,000	
Unreserved, designated for debt service	105,167,104	48,588	1,606,904
Total Fund Balances	105,167,104	68,918,588	1,606,904
Total Liabilities and Fund Balances	$ 105,439,102	$ 68,918,588	$ 1,627,497

Fire Academy Bond Retirement and Interest	Office Facilities Bond Retirement and Interest	State Aid Road Bond Retirement and Interest	Totals	
			June 30, 1988	June 30, 1987
$ 1,976,471	$ 301,243	$ 1,819,534	$ 15,694,075	$ 18,466,933
			94,443,002	68,968,987
	57		1,075,415	743,012
15			15	3,616,584
			68,870,000	68,870,000
$ 1,976,486	$ 301,300	$ 1,819,534	$ 180,082,507	$ 160,665,516
$	$ 768	$ 102,713	$ 124,074	$ 2,465,598
			271,998	278,034
	768	102,713	396,072	2,743,632
			68,870,000	68,870,000
1,976,486	300,532	1,716,821	110,816,435	89,051,884
1,976,486	300,532	1,716,821	179,686,435	157,921,884
$ 1,976,486	$ 301,300	$ 1,819,534	$ 180,082,507	$ 160,665,516

Debt Service Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
For the Year Ended June 30, 1988

	Highway Revenue Refunding Bond Retirement and Interest	Port Development Bond Retirement and Interest	Public School Building Bond Retirement and Interest	Seed Testing Laboratory Bond Retirement and Interest
Revenues:				
Interest	$ 6,360,545	$ 3,446,339	$ 428,192	$
Rentals				
TVA payments in lieu of taxes				
Other		47,829	39,917	
Total Revenues	6,360,545	3,494,168	468,109	
Expenditures:				
Debt service:				
Bond principal retirement	6,325,000		7,090,000	20,000
Interest and other fiscal charges	13,110,242	3,456,339	3,874,608	520
Total Expenditures	19,435,242	3,456,339	10,964,608	20,520
Excess of Revenues over (under) Expenditures	(13,074,697)	37,829	(10,496,499)	(20,520)
Other Financing Sources (Uses):				
Operating transfers in	37,553,205		9,512,982	
Operating transfers out	(2,183,625)		(20,138)	
Net Other Financing Sources (Uses)	35,369,580		9,492,844	
Excess of Revenues and Other Sources over (under) Expenditures and other Uses	22,294,883	37,829	(1,003,655)	(20,520)
Fund Balances July 1	82,872,221	68,880,759	2,610,559	20,520
Fund Balances June 30	$105,167,104	$ 68,918,588	$ 1,606,904	$ 0

Fire Academy Bond Retirement and Interest	Office Facilities Bond Retirement and Interest	State Aid Road Bond Retirement and Interest	Totals for the Year Ended June 30, 1988	Totals for the Year Ended June 30, 1987
$	$ 1,399	$	$ 10,236,475	$ 8,380,406
	578,951		578,951	259,845
				11,285,411
			87,746	123
	580,350		10,903,172	19,925,785
555,000	325,000	3,511,000	17,826,000	34,400,000
103,569	148,203	2,526,218	23,219,699	24,181,339
658,569	473,203	6,037,218	41,045,699	58,581,339
(658,569)	107,147	(6,037,218)	(30,142,527)	(38,655,554)
996,155		6,048,499	54,110,841	60,152,466
			(2,203,763)	(36,201,218)
996,155		6,048,499	51,907,078	23,951,248
337,586	107,147	11,281	21,764,551	(14,704,306)
1,638,900	193,385	1,705,540	157,921,884	172,626,190
$ 1,976,486	$ 300,532	$ 1,716,821	$179,686,435	$157,921,884

Expanding on the Promise

Nursery Rhymes

During the 1988 legislative session lawmakers, responding to an appeal from Governor Mabus, voted overwhelmingly to hike teacher pay by the largest margin ever— and the largest of any state in the nation.

The pay raise was designed to attract and keep well-qualified instructors in Mississippi and in the profession— a giant step toward improving the quality of education. Already, Mississippi universities report a rise in the number of college students majoring in education, and education groups report that some teachers who had left the profession to earn more money are returning to teaching.

Another commitment to quality made by the Legislature was funding for the new Mississippi School for Mathematics and Science, which opened in the fall of 1988. It is providing academically gifted high school juniors and seniors with intensive advanced preparation in these areas, helping them compete with the best and brightest of the nation's students.

An even more exciting chapter in education improvement awaits Mississippi. Governor Mabus has pledged to put forth a second education reform act, and it is expected to be unveiled sometime in 1989. Governor Mabus has said he will call for bold, innovative steps that will put Mississippi at the very forefront of educational improvement in the United States.

Continued on page 106.

Capital Projects Funds

Capital projects funds account for the acquisition or construction of major governmental general fixed assets.

Capital Projects Funds Descriptions

Military Department	**Mississippi National Guard Armory Fund** — accounts for state funding for construction of new armories.
Bureau of Building, Grounds and Real Property Management	**Construction and Improvement Fund** — accounts for bond proceeds and local, state and federal funding for the construction, renovation and repair of buildings and the purchase of equipment to be used by various state agencies and educational institutions. **Fire Academy Fund** — accounts for bond proceeds used to construct facilities for the State Fire Academy. **Parks Construction Fund** — accounts for bond proceeds received for the construction of facilities at the various state parks for the Department of Natural Resources.

Capital Projects Funds

Combining Balance Sheet
June 30, 1988

	Bureau of Building, Grounds and Real Property Management		
	Construction and Improvement	Fire Academy	Parks
Assets:			
Cash and cash equivalents	$ 57,703,506	$ 520,462	$ 679,253
Accounts receivable	2,413		
Interfund receivables	313,062		
Total Assets	$ 58,018,981	$ 520,462	$ 679,253
Liabilities:			
Warrants payable	$ 1,246,181	$	$ 1,955
Construction contracts payable			
Deferred revenues			
Total Liabilities	1,246,181		1,955
Fund Balances:			
Unreserved, designated for future capital projects	56,772,800	520,462	677,298
Total Liabilities and Fund Balances	$ 58,018,981	$ 520,462	$ 679,253

Capital Projects Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances
For the Year Ended June 30, 1988

	Military Department	Bureau of Building, Grounds and Real Property Management		
	National Guard Armory	Construction and Improvement	Fire Academy	Parks
Revenues:				
Criminal and defendant bond fees	$	$	$	$
Federal grants	12,219,365			
Other		2,275		
Total Revenues	12,219,365	2,275		
Expenditures:				
Capital outlay	12,294,931	24,661,319	1,473,171	1,373,526
Excess of Revenues over (under) Expenditures	(75,566)	(24,659,044)	(1,473,171)	(1,373,526)
Other Financing Sources (Uses):				
Proceeds from general obligation bond issues		56,433,981		
Operating transfers in	75,566	25,585,146		
Operating transfers out		(17,918,901)		
Net Other Financing Sources (Uses)	75,566	64,100,226		
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		39,441,182	(1,473,171)	(1,373,526)
Fund Balances July 1		17,331,618	1,993,633	2,050,824
Fund Balances June 30	$ 0	$ 56,772,800	$ 520,462	$ 677,298

Totals	
June 30, 1988	June 30, 1987
$ 58,903,221	$ 20,295,426
2,413	
313,062	1,436,667
$ 59,218,696	$ 21,732,093
$ 1,248,136	$ 276,631
	7,352
	72,035
1,248,136	356,018
57,970,560	21,376,075
$ 59,218,696	$ 21,732,093

Totals for the Year Ended	
June 30, 1988	June 30, 1987
$ 12,219,365	$ 3,440,390
2,275	17,726
12,221,640	3,458,116
39,802,947	23,912,713
(27,581,307)	(20,454,597)
56,433,981	2,485,000
25,660,712	29,687,708
(17,918,901)	(12,574,250)
64,175,792	19,598,458
36,594,485	(856,139)
21,376,075	22,232,214
$ 57,970,560	$ 21,376,075

Community Colleges: A Growing Resource

Mississippi's system of two-year colleges is a valuable resource for human and economic development. The 15 community and junior college districts serve the state through 36 strategically located campuses and centers, enrolling 40 per cent of the state's higher education students and 60 per cent of the state's first year collegiate students.

In recent years these institutions have begun to change their names from "junior" colleges to "community" colleges to reflect their comprehensive mission and their community-oriented base of service. Recognized nationally for their timely responsiveness to meeting the needs of business and industry throughout the state with occupational training, Mississippi's two-year colleges also provide less costly lower-division instruction for university-bound students.

Continued on page 122.

Enterprise Funds

Enterprise funds account for the operations of the State that provide goods or services to the general public on a user charge basis.

Enterprise Funds Descriptions

Department of Economic Development	**Certified Development Company, Inc.** — provides loans to nonagricultural small businesses.
Fair Commission	**Fair Commission Fund** — accounts for expenses of the Fair Commission's operation of the coliseum, Dixie National Livestock Show, and Industrial Showcase Building, including payment of maturing bond interest and principal. Funding sources include gross receipts from the state fair, livestock show, Industrial Building, and other events conducted at the coliseum and fairgrounds, as well as operating transfers from the General Fund and proceeds from bond issues.
Department of Natural Resources	**Water Pollution Abatement Revolving Loan Fund** — provides loans to municipalities for water pollution control projects.
Veterans' Home Purchase Board	**Veterans' Home Purchase Board Fund** — provides home mortgage loans to qualified Mississippi veterans and accounts for administrative expenses of the Veterans' Home Purchase Board. Revenue is derived from interest earned on loans.
Veterans' Memorial Stadium Commission	**Veterans' Memorial Stadium Commission Fund** — accounts for operations of the Veterans' Memorial Stadium in Jackson, including the payment of maturing bond interest and principal. Funding is provided by admission fees and concessions.
Port Authority at Gulfport	**Port Authority at Gulfport Fund** — accounts for operations of a public port providing facilities for foreign and domestic trade. Funding is provided by gross receipts from port operations, proceeds from bond issues, and interest income. Expenses include port operation, construction, and the payment of maturing bond interest and principal.
Mississippi Housing Finance Corporation	**Mississippi Housing Finance Corporation Fund** — provides monies to finance the acquisition, construction, rehabilitation, and improvement of residential housing for lower and moderate income families within the State. Funding is derived from interest earned on mortgage loans, investment income, and proceeds from the issuance of revenue bonds.

Mississippi Industries for the Blind	**Mississippi Industries for the Blind Fund** — accounts for expenses relating to the establishment of industries, businesses, shops, and workshops primarily for the employment of blind persons, the procurement of materials for use in rehabilitating blind persons for employment, and the employment of blind persons and the marketing of their products. Revenue is derived principally from the sale of goods manufactured.
Mississippi Hospital Equipment and Facilities Authority	**Mississippi Hospital Equipment and Facilities Authority Fund** — accounts for the proceeds of bond issuances used primarily for the purpose of paying for or making loans to participating Mississippi hospital institutions for financing or refinancing of all or any part of the cost of hospital equipment and facilities and for refunding outstanding bonds. Expenses include administrative and bond issuance costs. Additional funding is provided by interest on loans and investments.

Other Enterprise Operations

Department of Agriculture and Commerce	**Division of Lime Fund** — accounts for all revenues and expenses from the operation of three lime plants. Operating expenses include royalties paid to owners of the land from which the lime is extracted. Revenue is derived from the sale of lime to the public.
	Farmers' Central Market Board Fund — accounts for the construction, maintenance, and operation of facilities for processing, storing, and marketing agricultural products. Funding is derived from rental income.
Department of Corrections	**Prison Industries Fund** — accounts for a janitorial supplies production operation, a garden operation, a book bindery, and a timber cutting operation. Revenue sources include proceeds from the sale of janitorial supplies, garden produce and firewood, fees collected for bindery services, and rental income from leased Department of Corrections' land.
	Restaurants Fund — accounts for operations of two restaurants maintained for the convenience of Department of Corrections penitentiary employees.
	Commissary Fund — accounts for operations of the commissary. Profits are used for the special benefit of the penitentiary's residents.
Forestry Commission	**Tree Seedlings** — accounts for the production or purchase of forest tree seedlings for resale to Mississippi landowners.
Bureau of Surplus Property	**Bureau of Surplus Property Fund** — receives and maintains an inventory of surplus federal property and redistributes it to state agencies and departments, counties, municipalities, and other eligible donees within the State. Fees are collected from the donees to offset operating costs.

Yellow Creek Inland Port Authority	**Yellow Creek Inland Port Authority Fund** — accounts for operations of a public port facility at the conjunction of the Tennessee River and Yellow Creek in Tishomingo County, Mississippi. All costs of operating this port are accounted for in this fund, including construction costs and the payment of maturing bond interest and principal. Funding is provided by gross receipts from port operations, proceeds from bond issues, and interest income.
Department of Rehabilitation Services	**Allied Enterprises Fund** — accounts for a statewide system of sheltered workshop facilities through which handicapped citizens receive work experience to prepare them for employment outside of the Allied Enterprises setting. Revenue is generated from the sale of goods and services and operating transfers from the rehabilitation services fund.

All Enterprise Funds

Combining Balance Sheet
June 30, 1988

	Department of Economic Development		Department of Natural Resources		
	Certified Development Company, Inc.	Fair Commission	Water Pollution Abatement Revolving Loan	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Assets:					
Current assets:					
Cash and cash equivalents	$ 6,291,365	$ 1,280,007	$ 3,068,389	$ 1,627,372	$ 1,509,873
Investments					
Receivables, net:					
Accounts	9,170	38,555			
Interest	45,903			338,000	2,117
Due from other governments - current portion			3,218,870		
Loans and notes receivable - current portion	133,513			2,100,000	
Interfund receivables					314,307
Inventories		-	—		
Prepaid expenses		2,254		50,000	
Other					
Total Current Assets	6,479,951	1,320,816	6,287,259	4,115,372	1,826,297
Restricted assets		113,610			
Long-term investments					
Loans receivable, net of current portion				53,343,836	
Due from other governments, net of current portion			27,748,074		
Other long-term assets				212,581	
Land		945,130			143,000
Buildings and improvements, net		4,278,665			3,456,456
Machinery and equipment, net	10,572	292,460		12,417	40,234
Construction in progress		1,204,395			
Total Assets	$ 6,490,523	$ 8,155,076	$ 34,035,333	$ 57,684,206	$ 5,465,987
Liabilities:					
Current liabilities:					
Warrants payable	$ 2,013	$ 33,051	$ 250,000	$ 457,852	$ 16,470
Accounts payable and accruals	9,189	84,587		590,468	35,746
Due to other governments		139	615		
Interfund payables	26,323	130,405		1,206	8,249
Loans and notes payable - current portion					
Current portion of long-term general obligation bonds					150,000
Current portion of long-term revenue bonds					
Deferred revenues	87,933				
Other liabilities	243,161				170,000
Total Current Liabilities	368,619	248,182	250,615	1,049,526	380,465
Liabilities payable from restricted assets:					
Accrued interest payable		11,737			
Revenue bonds payable - current		40,000			
Loans and notes payable, net of current portion					830,000
Loans from other funds					
Long-term obligation - general obligation bonds payable, net of current portion and unamortized discount					2,340,000
Long-term obligation - revenue bonds payable, net of current portion and unamortized discount		1,545,000			
Other obligations					
Total Liabilities	368,619	1,844,919	250,615	1,049,526	3,550,465
Fund Equity:					
Contributed capital	4,995,426		31,728,440	9,600,000	
Retained earnings:					
Reserved for:					
Bond retirement		61,873			
Unreserved	1,126,478	6,248,284	2,056,278	47,034,680	1,915,522
Total Fund Equity	6,121,904	6,310,157	33,784,718	56,634,680	1,915,522
Total Liabilities and Fund Equity	$ 6,490,523	$ 8,155,076	$ 34,035,333	$ 57,684,206	$ 5,465,987

Port Authority at Gulfport	Mississippi Housing Finance Corporation	Mississippi Industries for the Blind	Mississippi Hospital Equipment and Facilities Authority	Other	Totals	
					June 30, 1988	June 30, 1987
$ 3,055,244	$ 255,041,282	$ 1,135,445	$ 1,475,345	$ 7,562,281	$ 282,046,603	$ 286,051,793
	67,178,241		76,441,397		143,619,638	62,517,357
221,671		1,256,401		948,610	2,474,407	2,936,342
4,347	14,986,224	1,420	3,093,997		18,472,008	15,350,491
2,510		5,313		44,096	3,270,789	3,142,692
	14,050,198		5,909,228		22,192,939	21,917,910
		8,715		13,700	336,722	647,415
		3,438,911		472,983	3,911,894	3,108,091
9,714		33,587		14,544	110,099	90,615
	775,824				775,824	826,595
3,293,486	352,031,769	5,879,792	86,919,967	9,056,214	477,210,923	396,589,301
					113,610	1,032,741
	35,506,684				35,506,684	35,640,408
	394,385,797		73,253,073		520,982,706	511,098,250
					27,748,074	29,072,030
	9,288,494		1,180,172		10,681,247	15,212,218
24,000		12,500		1,087,455	2,212,085	2,212,085
12,419,038		592,180		2,016,036	22,762,375	22,758,930
4,102,078		715,004		1,683,833	6,856,598	5,317,975
				28,517	1,232,912	3,795,119
$ 19,838,602	$ 791,212,744	$ 7,199,476	$ 161,353,212	$ 13,872,055	$ 1,105,307,214	$ 1,022,729,057
$ 22,888	$	$	$	$ 77,680	$ 859,954	$ 1,612,237
294,314	18,573,550	1,283,973	4,332,353	276,254	25,480,434	27,859,448
					754	835,396
		5		145,590	311,778	294,989
				8,500	8,500	8,500
1,222,000				120,000	1,492,000	1,440,000
	123,235,000		2,745,000		125,980,000	22,844,512
				76,322	164,255	4,603,164
12,612		7,522		1,850	435,145	201,449
1,551,814	141,808,550	1,291,500	7,077,353	706,196	154,732,820	59,699,695
					11,737	13,018
					40,000	81,000
				99,500	929,500	1,068,000
				94,533	94,533	119,613
16,165,000				250,000	18,755,000	20,247,000
	626,398,918		153,390,000		781,333,918	798,649,495
53,909					53,909	66,522
17,770,723	768,207,468	1,291,500	160,467,353	1,150,229	955,951,417	879,944,343
		3,366,673		315,653	50,006,192	50,033,369
					61,873	938,723
2,067,879	23,005,276	2,541,303	885,859	12,406,173	99,287,732	91,812,622
2,067,879	23,005,276	5,907,976	885,859	12,721,826	149,355,797	142,784,714
$ 19,838,602	$ 791,212,744	$ 7,199,476	$ 161,353,212	$ 13,872,055	$ 1,105,307,214	$ 1,022,729,057

All Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
For the Year Ended June 30, 1988

	Department of Economic Development		Department of Natural Resources		
	Certified Development Company, Inc.	Fair Commission	Water Pollution Abatement Revolving Loan	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Operating Revenues:					
Charges for sales and services	$	$ 2,517,850	$	$	$ 706,049
Interest	356,007			3,998,540	
Rentals					
Fees	129,028				
Other		5,945	276,736	135,637	7,500
Total Operating Revenues	485,035	2,523,795	276,736	4,134,177	713,549
Operating Expenses:					
Cost of sales and services					
General and administrative	197,464	713,990		308,087	162,489
Contractual services	133,733	1,312,661	12,403	105,712	221,085
Commodities	5,318	151,199		9,628	63,251
Interest		153,825			173,009
Depreciation	1,615	265,933		3,146	188,540
Amortization of goodwill and bond issuance costs					
Other	—	36		6,073	98
Total Operating Expenses	338,130	2,597,644	12,403	432,646	808,472
Operating Income (Loss)	146,905	(73,849)	264,333	3,701,531	(94,923)
Nonoperating Revenues:					
Gain (loss) on disposal of assets					
Insurance recovery			33		
Other					
Interest		27,831			45,850
Total Nonoperating Revenues		27,831	33		45,850
Nonoperating Expenses	157,224	2,474			243
Income (Loss) Before Operating Transfers	(10,319)	(48,492)	264,366	3,701,531	(49,316)
Operating Transfers In					
Operating Transfers Out					
Net Income (Loss)	(10,319)	(48,492)	264,366	3,701,531	(49,316)
Retained Earnings July 1	1,136,797	6,358,649	1,791,912	43,333,149	1,964,838
Residual Equity Transfer Out					
Retained Earnings June 30	$ 1,126,478	$ 6,310,157	$ 2,056,278	$ 47,034,680	$ 1,915,522

Port Authority at Gulfport	Mississippi Housing Finance Corporation	Mississippi Industries for the Blind	Mississippi Hospital Equipment and Facilities Authority	Other	Totals for the Year Ended	
					June 30, 1988	June 30, 1987
$ 3,232,408	$	$ 14,559,583	$	$ 8,423,336	$ 29,439,226	$ 28,702,641
142,512	72,847,334		11,524,719		88,869,112	81,929,983
				326,801	326,801	308,243
	4,463,003		484,545	137,625	5,214,201	4,037,093
1,337,824				146,331	1,909,973	879,721
4,712,744	77,310,337	14,559,583	12,009,264	9,034,093	125,759,313	115,857,681
		8,241,156		6,577,999	14,819,155	14,262,839
866,504	329,943	4,482,969	755,230	5,015,749	12,832,425	12,313,436
1,246,466	3,106,112	1,431,652		432,343	8,002,167	4,796,578
209,129		304,417		290,124	1,033,066	1,077,347
1,122,272	67,553,038	-	10,833,937	28,989	79,865,070	74,282,478
1,222,434		155,076		382,949	2,219,693	1,605,517
	4,556,248		219,611		4,775,859	412,293
13,495	968,906		81,782	24,464	1 094,854	1,150,978
4,680,300	76,514,247	14,615,270	11,890,560	12,752,617	124,642,289	109,901,466
32,444	796,090	(55,687)	118,704	(3,718,524)	1,117,024	5,956,215
		(25)		(1,678)	(1,703)	(90,020)
494				1,227	1,754	283,485
5,595					5,595	61,079
		55,778		346,102	475,561	417,354
6089		55,753		345,651	481,207	671,898
				19,665	179,606	37,385
38,533	796,090	66	118,704	(3,392,538)	1,418,625	6,590,728
900,000				4,954,753	5,854,753	9,192,332
				(675,118)	(675,118)	(912,249)
938,533	796,090	66	118,704	887,097	6,598,260	14,870,811
1,129,346	22,209,186	2,541,237	767,155	11,519,076	92,751,345	78,215,548
						(335,014)
$ 2,067,879	$ 23,005,276	$ 2,541,303	$ 885,859	$12,406,173	$ 99,349,605	$ 92,751,345

Combining Statement of Changes in Financial Position
For the Year Ended June 30, 1988

	Department of Economic Development		Department of Natural Resources		
	Certified Development Company, Inc.	**Fair Commission**	Water Pollution Abatement Revolving Loan	**Veterans' Home Purchase Board**	**Veterans' Memorial Stadium Commission**
Sources of Working Capital:					
Operations:					
Net income (loss)	$ (10,319)	$ (48,492)	$ 264,366	$ 3,701,531	$ (49,316)
Items not requiring (providing) working capital:					
Depreciation	1,615	265,933		3,146	188,540
Amortization of goodwill and bond issuance costs					
Amortization of discount and appreciation bonds					
Other		2,474			
Working Capital Provided by Operations	(8,704)	219,915	264,366	3,704,677	139,224
Proceeds from loan receipts					
Proceeds from sale of bonds					
Proceeds from capital leases		4,022			
Proceeds from sale of assets					
Repayment of loans and notes receivable	2,734		3,148,714	3,637,969	
Net decrease in restricted assets		919,131			
Foreclosure of loans receivable				212,581	
Total Sources of Working Capital	(5,970)	1,143,068	3,413,080	7,555,227	139,224
Uses of Working Capital:					
Acquisition of fixed assets and investments	6,052	654,646		231	2,979
Net decrease in current liabilities payable from restricted assets		42,281			
Current installment and repayment of long term debt		216,000			320,000
Issuance of new loans, net of change in current portion	2,734		1,824,758	9,991,850	
Bond issuance cost					
Residual equity transfer					
Other				212,581	
Total Uses of Working Capital	8,786	912,927	1,824,758	10,204,662	322,979
Net Increase (Decrease) in Working Capital	$ (14,756)	$ 230,141	$ 1,588,322	$ (2,649,435)	$ (183,755)
Elements of Net Increase (Decrease) in Working Capital:					
Cash and cash equivalents	$ 4,215	$ 208,738	$ (98,331)	$ (2,830,578)	$ 192,311
Investments					
Receivables, net:					
Accounts	(588)	6,421			
Interest	350			23,000	(600)
Due from other governments - current portion			112,003		
Loans and notes receivable - current portion	28,684			208,000	
Interfund receivables	(22,212)				(190,361)
Inventories					
Prepaid expenses		(234)			
Other assets					
Warrants payable	292	17,845	739,869	(67,207)	4,981
Accounts payable and accruals	69,777	(6,115)		18,556	(2,806)
Due to other governments		(139)	834,781		
Interfund payables	(26,323)	3,071		(1,206)	(7,280)
Loans and notes payable - current portion					
Current portion of long-term debt					(10,000)
Deferred revenues	(1,123)				
Other liabilities	(67,828)	554			(170,000)
Net Increase (Decrease) in Working Capital	$ (14,756)	$ 230,141	$ 1,588,322	$ (2,649,435)	$ (183,755)

Port Authority at Gulfport	Mississippi Housing Finance Corporation	Mississippi Industries for the Blind	Mississippi Hospital Equipment and Facilities Authority	— Other	Totals for the Year Ended	
					June 30, 1988	June 30, 1987
$ 938,533	$ 796,090	$ 66	$ 118,704	$ 887,097	$ 6,598,260	$ 14,870,811
1,222,434		155,076		382,949	2,219,693	1,605,517
	4,556,248		219,611		4,775,859	412,293
	4,615,000				4,615,000	6,339,257
		25		24,982	27,481	127,389
2,160,967	9,967,338	155,167	338,315	1,295,028	18,236,293	23,355,267
				40,000	40,000	
	260,000,000		75,235,000		335,235,000	266,356,000
					4,022	63,060
	133,724				133,724	153,810
159,697	61,969,215		4,971,575		73,889,904	39,454,524
					919,131	1,022,806
					212,581	
2,320,664	332,070,277	155,167	80,544,890	1,335,028	428,670,655	330,405,467
27,223		153,295		413,808	1,258,234	7,170,678
					42,281	
1,234,613	354,204,575		2,745,000	153,580	358,873,768	45,898,557
	12,272,697		58,570,950		82,662,989	122,431,298
			32,305		32,305	1,212,813
						99,303
					212,581	84,622
1,261,836	366,477,272	153,295	61,348,255	567,388	443,082,158	176,897,271
$ 1,058,828	$ (34,406,995)	$ 1,872	$ 19,196,635	$ 767,640	$ (14,411,503)	$ 153,508,196
$ 1,244,715	$ 3,496,674	$ (146,421)	$ (6,681,017)	$ 604,504	$ (4,005,190)	$ 143,785,404
	64,841,630		16,260,651		81,102,281	21,716,816
(107,913)		(446,577)	(18,789)	105,511	(461,935)	(77,081)
513	304,070	(975)	2,795,159		3,121,517	1,523,279
2,510		5,313		8,271	128,097	548,664
(28,478)	(1,750,354)		1,817,177		275,029	4,046,659
		3,412		(101,532)	(310,693)	176,439
		724,092		79,711	803,803	(101,412)
(2,832)		8,030		14,520	19,484	6,139
	(50,771)				(50,771)	737,103
46,130				10,373	752,283	(1,160,211)
(58,817)	5,549,241	(145,341)	(3,101,546)	56,065	2,379,014	(2,056,130)
					834,642	(435,396)
		7,861		7,088	(16,789)	(24,694)
						25,080
(37,000)	(111,260,488)		8,125,000	(5,000)	(103,187,488)	(13,339,512)
	4,463,003			(22,971)	4,438,909	(2,002,524)
		(7,522)		11,100	(233,696)	139,573
$ 1,058,828	$ (34,406,995)	$ 1,872	$ 19,196,635	$ 767,640	$ (14,411,503)	$ 153,508,196

Other Enterprise Funds

Combining Balance Sheet
June 30, 1988

	Department of Agriculture and Commerce		Department of Corrections		
	Division of Lime	Farmers' Central Market Board	Prison Industries	Restaurants	Commissary
Assets:					
Current assets:					
Cash and cash equivalents	$ 37,505	$ 99,495	$ 891,511	$ 29,866	$ 289,627
Receivables, net:					
Accounts	30,898	8,770	48,372	5,207	42,550
Due from other governments - current portion			1,855		
Interfund receivables			4,556		401
Inventories	26,600		134,463	13,482	105,537
Prepaid expenses	32				15
Total Current Assets	95,035	108,265	1,080,757	48,555	438,130
Land		38,280			
Buildings and improvements, net	407,043	893,278	102,304	19,328	
Machinery and equipment, net	540,257	34,781	475,647	27,769	20,603
Construction in progress		28,517			
Total Assets	$ 1,042,335	$ 1,103,121	$1,658,708	$ 95,652	$ 458,733
Liabilities:					
Current liabilities:					
Warrants payable	$ 24,018	$ 10,595	$ 12,396	$	$
Accounts payable and accruals	43,790	30,553	33,818	15,965	51,156
Interfund payables	91,023	27,450	5,835		
Loans and notes payable - current portion		8,500			
Current portion of long-term general obligation bonds					
Deferred revenues	14,460	185			
Other liabilities			1,850		
Total Current Liabilities	173,291	77,283	53,899	15,965	51,156
Loans and notes payable, net of current portion		99,500			
Loans from other funds		94,533			
Long-term obligation - general obligation bonds payable, net of current portion and unamortized discount					
Total Liabilities	173,291	271,316	53,899	15,965	51,156
Fund Equity:					
Contributed capital		8,312	296,941	5,933	
Retained earnings	869,044	823,493	1,307,868	73,754	407,577
Total Fund Equity	869,044	831,805	1,604,809	79,687	407,577
Total Liabilities and Fund Equity	$ 1,042,335	$ 1,103,121	$1,658,708	$ 95,652	$ 458,733

Forestry Commission			Department of Rehabilitation Services	Totals	
Tree Seedling	Bureau of Surplus Property	Yellow Creek Inland Port Authority	Allied Enterprises	June 30, 1988	June 30, 1987
$ 518,710	$ 320,061	$ 4,219,597	$ 1,155,909	$ 7,562,281	$ 6,957,777
	11,513	80,409	720,891	948,610	843,099
	42,241			44,096	35,825
	8,743			13,700	115,232
			192,901	472,983	393,272
			14,497	14,544	24
518,710	382,558	4,300,006	2,084,198	9,056,214	8,345,229
	100,000	949,175		1,087,455	1,087,455
	153,608	440,475		2,016,036	1,765,064
	38,919	545,857		1,683,833	1,984,622
				28,517	
$ 518,710	$ 675,085	$ 6,235,513	$ 2,084,198	$ 13,872,055	$ 13,182,370
$	$ 30,671	$	$	$ 77,680	$ 88,053
	36,713	18,703	45,556	276,254	332,319
	4,108		17,174	145,590	152,678
				8,500	8,500
		120,000		120,000	115,000
			61,677	76,322	53,351
				1,850	12,950
	71,492	138,703	124,407	706,196	762,851
				99,500	68,000
				94,533	119,613
		250,000		250,000	370,000
	71,492	388,703	124,407	1,150,229	1,320,464
	4,467			315,653	342,830
518,710	599,126	5,846,810	1,959,791	12,406,173	11,519,076
518,710	603,593	5,846,810	1,959,791	12,721,826	11,861,906
$ 518,710	$ 675,085	$ 6,235,513	$ 2,084,198	$ 13,872,055	$ 13,182,370

Combining Statement of Revenues, Expenses and Changes in Retained Earnings For the Year Ended June 30, 1988

	Department of Agriculture and Commerce	
	Division of Lime	Farmers' Central Market Board
Operating Revenues:		
Charges for sales and services	$ 431,845	$
Rental	50	291,094
Fees		
Other	254	2,016
Total Operating Revenues	432,149	293,110
Operating Expenses:		
Cost of sales and services	383,404	
General and administrative		159,801
Contractual services	6,986	46,990
Commodities	980	9,065
Interest		7,894
Depreciation	78,357	34,667
Amortization of goodwill and bond issuance costs		
Other	168	
Total Operating Expenses	469,895	258,417
Operating Income (Loss)	(37,746)	34,693
Nonoperating Revenues:		
Gain (loss) on disposal of assets		(1,678)
Insurance recovery		1,227
Interest	439	
Total Nonoperating Revenues	439	(451)
Nonoperating Expenses	1,863	720
Income (Loss) Before Operating Transfers	(39,170)	33,522
Operating Transfers In		10,000
Operating Transfers Out		(40,000)
Net Income (Loss)	(39,170)	3,522
Retained Earnings July 1	908,214	819,971
Residual Equity Transfer Out		
Retained Earnings June 30	$ 869,044	$ 823,493

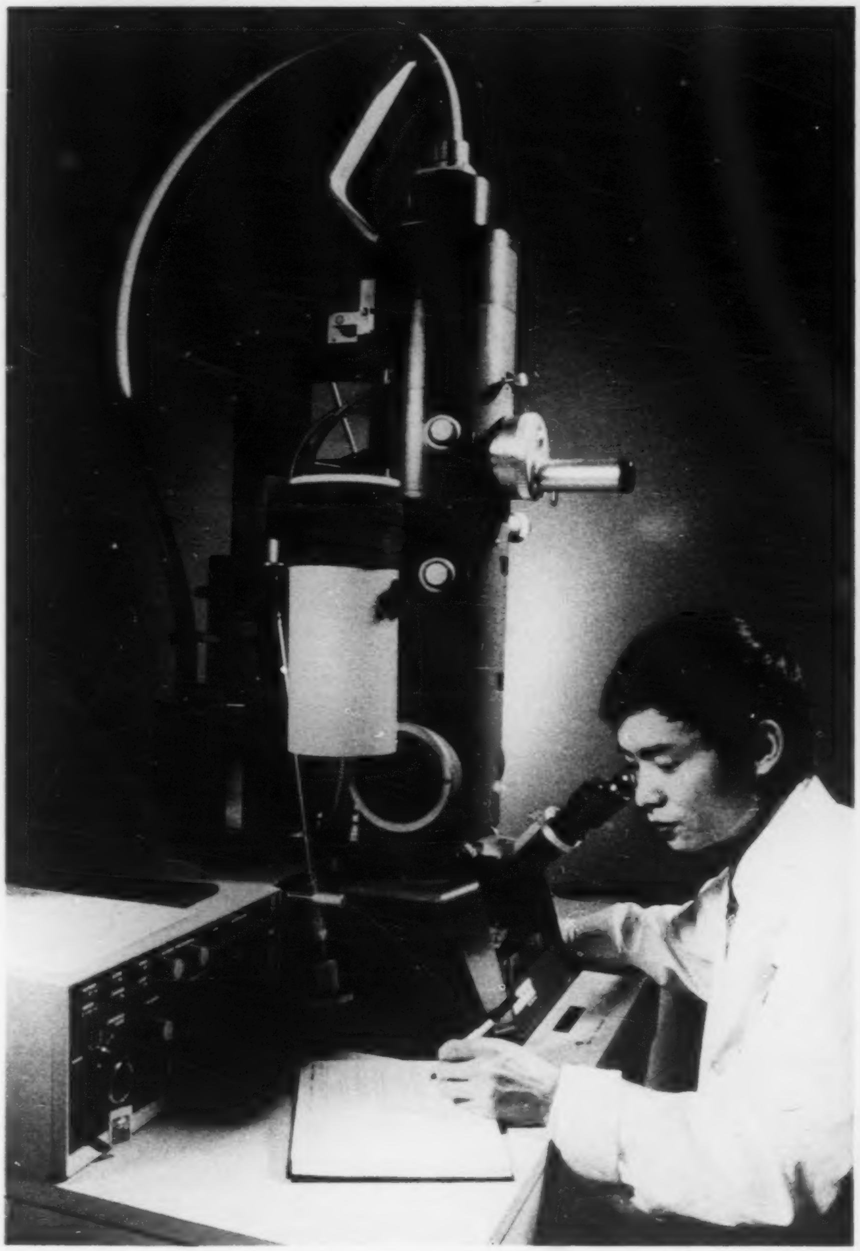
Department of Corrections			Forestry Commission			Department of Rehabilitation Services	Totals for the Year Ended	
Prison Industries	Restaurants	Commissary	Tree Seedling	Bureau of Surplus Property	Yellow Creek Inland Port Authority	Allied Enterprises	June 30, 1988	June 30, 1987
$ 285,442	$ 209,404	$ 1,536,075	$	$ 523,003	$ 416,062	$ 5,021,505	$ 8,423,336	$ 8,254,694
28,376					7,281		326,801	308,243
					137,625		137,625	
899	28,613	50,997		3,723		59,829	146,331	70,997
314,717	238,017	1,587,072		526,726	560,968	5,081,334	9,034,093	8,633,934
27,698	148,183	1,195,633	246,290			4,576,791	6,577,999	6,256,286
182,383	40,399	99,062		412,451	226,212	3,895,441	5,015,749	4,989,505
67,363	12,788	44,793		50,830	99,555	103,038	432,343	355,382
127,774	11,683	83,026		29,173	28,423		290,124	342,735
					21,095		28,989	33,411
50,831	2,405	3,621		21,901	191,167		382,949	407,174
								36,293
11,933	11,863	500					24,464	6,939
467,982	227,321	1,426,635	246,290	514,355	566,452	8,575,270	12,752,617	12,427,725
(153,265)	10,696	160,437	(246,290)	12,371	(5,484)	(3,493,936)	(3,718,524)	(3,793,791)
							(1,678)	(52,625)
							1,227	428
	1,425	13,653			268,789	61,796	346,102	198,778
	1,425	13,653			268,789	61,796	345,651	146,581
10,756	5,180	1,146					19,665	37,385
(164,021)	6,941	172,944	(246,290)	12,371	263,305	(3,432,140)	(3,392,538)	(3,684,595)
223,259			465,000		344,974	3,911,520	4,954,753	9,192,332
		(223,642)				(411,476)	(675,118)	(912,249)
59,238	6,941	(50,698)	218,710	12,371	608,279	67,904	887,097	4,595,488
1,248,630	66,813	458,275	300,000	586,755	5,238,531	1,891,887	11,519,076	7,258,602
								(335,014)
$ 1,307,868	$ 73,754	$ 407,577	$ 518,710	$ 599,126	$ 5,846,810	$ 1,959,791	$ 12,406,173	$ 11,519,076

Combining Statement of Changes in Financial Position
For the Year Ended June 30, 1988

	Department of Agriculture and Commerce	
	Division of Lime	Farmers' Central Market Board
Sources of Working Capital:		
Operations:		
Net income (loss)	$ (39,170)	$ 3,522
Items not requiring (providing) working capital:		
Depreciation	78,357	34,667
Amortization of goodwill		
Other		531
Working Capital Provided by Operations	39,187	38,720
Proceeds from loan receipts		40,000
Proceeds from sale of assets		
Total Sources of Working Capital	39,187	78,720
Uses of Working Capital:		
Acquisition of fixed assets and investments		33,482
Current installment and repayment of long term debt		33,580
Residual equity transfer		
Other		
Total Uses of Working Capital		67,062
Net Increase (Decrease) in Working Capital	$ 39,187	$ 11,658
Elements of Net Increase (Decrease) in Working Capital:		
Cash and cash equivalents	$ (1,477)	$ 15,603
Receivables, net:		
Accounts	6,588	(230)
Due from other governments -current portion		
Loans and notes receivable - current portion		
Interfund receivables		
Inventories	23,975	
Prepaid expenses	23	
Other assets		
Warrants payable	(7,409)	2,229
Accounts payable and accruals	16,915	(3,444)
Interfund payables	6,977	(2,370)
Loans and notes payable - current portion		
Current portion of long-term debt		
Deferred revenues	(6,405)	(130)
Other liabilities		
Net Increase (Decrease) in Working Capital	$ 39,187	$ 11,658

Department of Corrections			Forestry Commission			Department of Rehabilitation Services	Totals for the Year Ended	
Prison Industries	Restaurants	Commissary	Tree Seedling	Bureau of Surplus Property	Yellow Creek Inland Port Authority	Allied Enterprises	June 30, 1988	June 30, 1987
$ 59,238	$ 6,941	$ (50,698)	$ 218,710	$ 12,371	$ 608,279	$ 67,904	$ 887,097	$ 4,595,488
50,831	2,405	3,621		21,901	191,167		382,949	407,174
								36,293
13,809	6,919	4,193		(1,901)	1,431		24,982	76,427
123,878	16,265	(42,884)	218,710	32,371	800,877	67,904	1,295,028	5,115,382
							40,000	
								13,148
123,878	16,265	(42,884)	218,710	32,371	800,877	67,904	1,335,028	5,128,530
22,825	28,920	2,941		14,484	311,156		413,808	779,037
					120,000		153,580	148,580
								99,303
								84,622
22,825	28,920	2,941		14,484	431,156		567,388	1,111,542
$ 101,053	$ (12,655)	$ (45,825)	$ 218,710	$ 17,887	$ 369,721	$ 67,904	$ 767,640	$ 4,016,988
$ 121,706	$ (6,729)	$ (86,689)	$ 218,710	$ 32,331	$ 348,668	$ (37,619)	$ 604,504	$ 3,848,617
31,299	(3,380)	1,203		(33,302)	24,658	78,675	105,511	(115,073)
(3,839)				12,110			8,271	(33,213)
								(12,670)
(69,731)		(1,577)		7,769		(37,993)	(101,532)	80,074
3,617	3,685	(14,078)				62,512	79,711	(34,405)
						14,497	14,520	(2,491)
								(55,387)
15,208				345			10,373	40,262
(6,572)	(6,231)	52,779		880	1,395	343	56,065	251,173
(1,735)		2,537		(2,246)		3,925	7,088	111,104
								25,080
					(5,000)		(5,000)	(5,000)
						(16,436)	(22,971)	(48,133)
11,100							11,100	(12,950)
$ 101,053	$ (12,655)	$ (45,825)	$ 218,710	$ 17,887	$ 369,721	$ 67,904	$ 767,640	$ 4,016,988

Higher Education: A Systems Approach



Mississippi's state universities, which have experienced serious financing problems in recent years, had renewed enthusiasm in 1988. Universities received a record-setting 20 per cent increase in their state appropriation, including an additional $51 million for operations and $40 million for capital improvements.

Under the direction of a new commissioner for higher education, Mississippi's eight universities presented a united appeal for the funds to help them stabilize their budgets and strengthen their instructional program. Impressed by the cooperative spirit the universities displayed, the Legislature funded the universities' request at 100 per cent.

A major share of higher education funding— over 50 per cent— will be dedicated to instruction and research, the foundations for attracting first-rate faculty members, and, ultimately, improving the overall quality of education.

Mississippi's universities have been successful in securing nationally-significant research projects— an important supplement to state and federal support and private assistance. These involve such technologically sophisticated areas as physical acoustics, aeronautics, polymer science, space remote sensing, robotics, microelectronics, and advanced living systems.

One especially encouraging sign of the times is that enrollment for the fall semester of the 1988-1989 academic year was up at every university in the state. Such a demand for advanced learning is positive proof that the level and quality of education in Mississippi is on the rise.

If improvements to the state's elementary and secondary system are the underpinnings of economic development efforts, a strong system of higher education is the launching pad.

Continued on page 130.

Internal Service Funds

Internal service funds account for the operations of State agencies that provide services or goods to other State agencies or governmental units on a cost reimbursement basis.

Internal Service Funds Descriptions

Personnel Board	**Personnel Administration Fund** — accounts for the expenses of establishing personnel policies, regulating the pay of State employees and testing and validating new hires. Revenues consist of assessments charged to state agencies based on the number of authorized positions.
Central Data Processing Authority	**Data Processing Services Fund** — accounts for the purchase, maintenance and operation of centralized data processing and information devices used by State agencies. Revenues consist of charges to user agencies.
	Planning and Policy Fund — accounts for expenses related to planning and policies for the development of data processing capabilities for state agencies. Revenues consist of charges to user agencies.
	Telecommunications Fund — accounts for the maintenance, coordination and usage of the State's central telephone system and the universities' central telephone systems. Revenues consist of charges to user agencies and universities for service and equipment.
	Super Computer Operations — accounts for the acquisition, installation and operation of the super computer. Revenues consist of charges to user agencies, universities and the medical center.

Internal Service Funds

Combining Balance Sheet
June 30, 1988

	Personnel Board	Central Data Processing Authority		
	Personnel Administration	Data Processing Services	Planning and Policy	Telecommunications
Assets:				
Current assets:				
Cash and cash equivalents	$ 816,914	$ 5,214,873	$ 459,259	$ 1,040,106
Receivables, net:				
Accounts	11,280	10,266	26,665	40,953
Due from other governments		626	2,468	8,736
Interfund receivables	161,310	386,450	484,655	441,270
Prepaid expenses		62		4,485
Total Current Assets	989,504	5,612,277	973,047	1,535,550
Machinery and equipment, net	183,925	3,282,177	162,825	2,094,518
Total Assets	$ 1,173,429	$ 8,894,454	$ 1,135,872	$ 3,630,068
Liabilities:				
Current liabilities:				
Warrants payable	$ 156,110	$ 245,940	$ 83,034	$ 366,877
Accounts payable and accruals	109,606	203,779	52,493	137,471
Interfund payables	18,322	246,569	3,994	6,244
Due to other governments	5,000			
Lease obligations payable, current portion		153,971		187,364
Total Current Liabilities	289,038	850,259	139,521	697,956
Lease obligations payable, net of current portion		189,864		253,843
Total Liabilities	289,038	1,040,123	139,521	951,799
Fund Equity:				
Retained earnings, unreserved	884,391	7,854,331	996,351	2,678,269
Total Liabilities and Fund Equity	$ 1,173,429	$ 8,894,454	$ 1,135,872	$ 3,630,068

	Totals	
Super Computer	June 30, 1988	June 30, 1987
$ 372,040	$ 7,903,192	$ 7,815,797
	89,164	171,778
	11,830	9,983
	1,473,685	1,251,883
	4,547	
372,040	9,482,418	9,249,441
	5,723,445	6,705,450
$ 372,040	$ 15,205,863	$ 15,954,891
$	$ 851,961	$ 1,327,039
	503,349	821,791
372,040	647,169	225,263
	5,000	
	341,335	1,619,168
372,040	2,348,814	3,993,261
	443,707	892,660
372,040	2,792,521	4,885,921
	12,413,342	11,068,970
$ 372,040	$ 15,205,863	$ 15,954,891

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
For the Year Ended June 30, 1988

	Personnel Board	Central Data Processing Authority		
	Personnel Administration	Data Processing Services	Planning and Policy	Telecommunications
Operating Revenues:				
Charges for goods and services	$ 2,423,801	$ 4,566,217	$ 1,267,024	$ 4,822,760
Other				
Total Operating Revenues	2,423,801	4,566,217	1,267,024	4,822,760
Operating Expenses:				
Personal services:				
Salaries, wages and fringe benefits	1,670,788	1,667,811	767,472	484,520
Travel	32,215	27,416	23,922	17,139
Contractual services	446,166	1,904,657	98,200	2,882,103
Commodities	50,247	158,532	13,514	53,378
Depreciation	48,825	1,143,570		538,509
Interest		88,924		51,042
Other				5,492
Total Operating Expenses	2,248,241	4,990,910	903,108	4,032,183
Operating Income (Loss)	175,560	(424,693)	363,916	790,577
Nonoperating Expenses	646	63,887		
Income (Loss) Before Operating Transfers	174,914	(488,580)	363,916	790,577
Operating Transfers In		273,306	640	230,399
Operating Transfers Out				(800)
Net Income (Loss)	174,914	(215,274)	364,556	1,020,176
Retained Earnings July 1	709,477	8,069,605	631,795	1,658,093
Retained Earnings June 30	$ 884,391	$ 7,854,331	$ 996,351	$ 2,678,269

	Totals for the Year Ended	
Super Computer	June 30, 1988	June 30, 1987
$	$ 13,079,802	$ 13,627,148
		78
	13,079,802	13,627,226
	4,590,591	3,801,761
	100,692	95,025
	5,331,126	5,993,893
	275,671	176,517
	1,730,904	1,657,448
	139,966	151,762
	5,492	127,103
	12,174,442	12,003,509
	905,360	1,623,717
	64,533	20,900
	840,827	1,602,817
2,241,698	2,746,043	566,327
(2,241,698)	(2,242,498)	(2,940)
	1,344,372	2,166,204
	11,068,970	8,902,766
$ 0	$ 12,413,342	$ 11,068,970

Combining Statement of Changes in Financial Position
For the Year Ended June 30, 1988

	Personnel Board
	Personnel Administration
Sources of Working Capital:	
Operations	
Net income (loss)	$ 174,914
Items not requiring working capital	
Depreciation	48,825
Other	(1,693)
Working Capital Provided by Operations	222,046
Decrease in restricted assets	
Proceeds from sale of assets	
Proceeds from capital leases	
Residual equity transfers	
Total Sources of Working Capital	222,046
Uses of Working Capital:	
Acquisition of machinery and equipment	20,657
Decrease in long-term debt	
Residual equity transfers	
Total Uses of Working Capital	20,657
Net Increase (Decrease) in Working Capital	$ 201,389
Elements of Net Increase (Decrease) in Working Capital:	
Cash and cash equivalents	$ (64,382)
Receivables, net	
Accounts	(2,880)
Due from other governments	
Interfund receivables	153,630
Prepaid expenses	
Warrants payable	158,249
Accounts payable and accruals	(19,906)
Interfund payables	(18,322)
Due to other governments	(5,000)
Current portion of long-term debt	
Net Increase (Decrease) in Working Capital	$ 201,389

Central Data Processing Authority				Totals for the Year Ended	
Data Processing Services	Planning and Policy	Telecommunications	Super Computer	June 30, 1988	June 30, 1987
$ (215,274)	$ 364,556	$ 1,020,176	$	$ 1,344,372	$ 2,166,204
1,143,570		538,509		1,730,904	1,657,448
63,727	(640)	800		62,194	6,534
992,023	363,916	1,559,485		3,137,470	3,830,186
					2,170,149
					20,900
6,597		118,153		124,750	1,141,708
					397
998,620	363,916	1,677,638		3,262,220	7,163,340
99,302	902	690,232		811,093	2,001,559
215,530		358,173		573,703	1,807,410
					397
314,832	902	1,048,405		1,384,796	3,809,366
$ 683,788	$ 363,014	$ 629,233	$ 0	$ 1,877,424	$ 3,353,974
$ (647,397)	$ 185,498	$ 241,636	$ 372,040	$ 87,395	$ 1,096,446
(33,361)	6,755	(53,128)		(82,614)	128,542
626	(7,515)	8,736		1,847	9,983
(189,226)	223,628	33,770		221,802	135,307
62		4,485		4,547	(15,223)
467,943	(34,279)	(116,835)		475,078	(824,724)
31,643	(8,039)	314,744		318,442	672,201
(22,592)	(3,034)	(5,918)	(372,040)	(421,906)	2,272,656
				(5,000)	
1,076,090		201,743		1,277,833	(121,214)
$ 683,788	$ 363,014	$ 629,233	$ 0	$ 1,877,424	$ 3,353,974

Looking Ahead with Confidence

Many of the improvements outlined in this report (for the Fiscal Year ended June 30, 1988) are still in their infancy. As Governor Mabus said in his 1988 State-of-the-State address, educational improvements are frequently "like a seed planted. The gains are often seen only after the ground is cultivated, the plant nurtured, and the crop harvested." Clearly, Mississippi is tending to its fields, and they promise a bountiful future.

Mississippi's leaders understand that education is life-long, not something that terminates with the awarding of a diploma. They further understand that improving education is a process, not an event.

Looking to the future, particular areas of attention will include continued additional money to raise the per pupil expenditure, steps to ensure that students receive a basic quality education regardless of whether they are from a poor or wealthy school district, and more funding for facilities and textbooks.

State leaders continue to actively seek improvements in student testing, the identification and assistance of students most likely to fail or drop out, and curricula to better prepare students for the global market.

Mississippi's leadership also continues to examine the role of our junior and community colleges to see that they meet the needs of local business and industry through post-secondary vocational and technical training.

Finally, state officials and the education community are committed to building a true university "system" with the resources necessary to create institutions of higher learning that are second to none.

It is apparent that our next generation will be well prepared for moving Mississippi into the mainstream of this nation's economic life.

Trust and Agency Funds

Trust and agency funds account for assets held by the State in a fiduciary capacity.

Significant Trust and Agency Funds Descriptions

Expendable Trust Funds

Fiscal Management Board	**Group Insurance Fund** — accounts for resources and transactions pertaining to the State's self-insured medical plan and life insurance program. State employees' premiums are funded by the State. Additional funding is provided by retired employees and by active employees for spouse and dependent medical coverage. Administrative expenses and benefits to eligible claimants are paid from this fund.
	State Employees' Unemployment Insurance Fund — accounts for unemployment benefits paid to eligible former State employees. Funding is provided by premiums collected from the State's operating funds.
Employment Security Commission	**Unemployment Compensation Fund** — accounts for the collection of unemployment insurance taxes from employers and the payment of unemployment benefits to eligible claimants. Funds are also provided by the federal government and interest income. Administrative expenses incurred by the Employment Security Commission are accounted for in a special revenue fund.

Nonexpendable Trust Funds

School for the Blind	**School for the Blind Endowment Fund** — accounts for endowment trusts whose income is used for the benefit of blind children at the school.
Treasurer	**Oil and Gas Taxes on State-owned Land Fund** — accounts for oil and gas royalties collected on state-owned lands and transferred from the General Fund. The principal is required by statute to remain inviolate. Income derived from investment of the principal may be appropriated by the Legislature for specific uses.
Department of Archives and History	**Dunbar Rowland Fund** — provides funds to purchase books and historical manuscripts.
	Stonewall Jackson Memorial Fund — provides funds to award higher education scholarships to winners of an essay contest.

Pension Trust Funds

Public Employees' Retirement System

Public Employees' Retirement System Fund — provides retirement and disability coverage to substantially all employees of the State and its political subdivisions. Benefits are funded by contributions from the members, the State, and political subdivisions and by investment income.

Highway Safety Patrol Retirement System Fund — provides retirement and disability benefits to uniformed officers of the Department of Public Safety. Benefits are funded by contributions of the members and the State, driver's license reinstatement fees, and investment income.

Municipal Retirement System Fund — provides retirement and disability coverage to employees, firemen, and policemen of nineteen municipalities. Benefits are funded by contributions from the members and the municipalities and by investment income.

Agency Funds

Deferred Compensation Plan Fund — accounts for deposits of gross compensation deferred by employees of the State and its political subdivisions. These deposits are invested until retirement, severance from public service, death, or extreme hardship of the individual participants.

Social Security Fund — accounts for contributions received or due from the State and the various political subdivisions that are due to the federal Social Security Administration.

Local Government Distributive Fund — serves as a clearing mechanism for funds distributed to the various counties and municipalities of the State.

Program Fund — accounts for receipt of various taxes, refundable deposits, inventories, and other monies collected or recovered to be held until the State has the right or obligation to distribute them to State operating funds or to various entities or individuals.

Institutional Fund — accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

Highway Refunded Bonds Fund — serves as a clearing mechanism to account for monies earned on escrow funds held for highway bonds that have been fully defeased. The funds are transferred to the paying agent to pay bonds and coupons that mature.

Trust and Agency Funds

Combining Balance Sheet
June 30, 1988

	Trust				Totals	
	Expendable	Nonexpendable	Pension	Agency	June 30, 1988	June 30, 1987
Assets:						
Cash and cash equivalents	$ 18,386,757	$ 19,177,500	$ 9,837,113	$ 29,764,385	$ 77,165,755	$ 74,823,461
Amount on deposit with U.S. Treasury	366,541,780				366,541,780	358,973,618
Investments	14,097,000		3,282,825,150	90,722,000	3,387,644,150	3,003,017,598
Collateral held under reverse repurchase agreements			640,520,100		640,520,100	662,508,008
Receivables, net:						
Taxes	20,184,161				20,184,161	24,280,890
Securities sold			10,436,499		10,436,499	40,813,777
Interest and dividends	7,946,117	50,904	54,603,314	287,226	62,887,561	50,623,768
Due from other governments	800,681				800,681	32,298
Contributions			26,345,209	1,149,959	27,495,168	25,861,106
Other	1,710,955	1,171		11,898,480	13,610,606	10,071,441
Interfund receivables	14,796,850		148,159,539	814,442	163,770,831	79,105,414
Commodity inventory				142,758	142,758	167,496
Loans to other funds	262,192				262,192	2,963,676
Land			508,000		508,000	508,000
Buildings, net			3,276,871		3,276,871	3,365,436
Improvements other than buildings, net			113,179		113,179	117,422
Machinery and equipment, net			654,393		654,393	582,660
Total Assets	$ 444,726,493	$ 19,229,575	$ 4,177,279,367	$ 134,779,250	$ 4,776,014,685	$ 4,337,816,069
Liabilities:						
Warrants payable	$ 165,198	$	$ 175,910	$ 500,811	$ 841,919	$ 2,557,754
Accounts payable and accruals	13,615,886	15,500	16,209,094	132,166	29,972,646	39,347,317
Due to other governments	78,837			694,034	772,871	1,349,670
Interfund payables	364,283		148,275,078	11,112,463	159,751,824	76,548,306
Amounts held in custody for others				122,339,776	122,339,776	113,617,913
Obligations under reverse repurchase agreements			640,520,100		640,520,100	662,508,008
Deferred revenues	25,772				25,772	136,321
Other	51,639				51,639	5,793
Total Liabilities	14,301,615	15,500	805,180,182	134,779,250	954,276,547	896,071,082
Fund Balances:						
Reserved for:						
Pension benefits			3,372,099,185		3,372,099,185	3,001,720,259
Life and health insurance benefits	16,206,999				16,206,999	14,973,012
Unemployment compensation benefits	413,831,122				413,831,122	402,899,908
Loans to other funds	262,192				262,192	2,963,676
Other		18,607,249			18,607,249	17,592,594
Unreserved:						
Undesignated	124,565	606,826			731,391	1,595,538
Total Fund Balances	430,424,878	19,214,075	3,372,099,185		3,821,738,138	3,441,744,987
Total Liabilities and Fund Balances	$ 444,726,493	$ 19,229,575	$ 4,177,279,367	$ 134,779,250	$ 4,776,014,685	$ 4,337,816,069

Expendable Trust Funds

Combining Balance Sheet
June 30, 1988

	Fiscal Management Board		Employment Security Commission		Totals	
	Group Insurance	State Employees' Unemployment Insurance	Unemployment Compensation	Other	June 30, 1988	June 30, 1987
Assets:						
Cash and cash equivalents	$ 10,819,895	$ 7,663,128	$ (222,541)	$ 126,275	$ 18,386,757	$ 15,182,237
Amount on deposit with U.S. Treasury			366,541,780		366,541,780	358,973,618
Investments	14,097,000				14,097,000	12,721,000
Receivables, net:						
Taxes			20,184,161		20,184,161	24,280,890
Interest	91,876		7,854,241		7,946,117	8,418,709
Due from other governments	2,508	2,623	795,550		800,681	32,298
Other	808,326		850,960	51,669	1,710,955	8,548,315
Interfund receivables	3,476,742	2,294,360	9,025,748		14,796,850	2,675,331
Loans to other funds		125,720	136,472		262,192	2,963,676
Total Assets	$ 29,296,347	$ 10,085,831	$ 405,166,371	$ 177,944	$ 444,726,493	$ 433,796,074
Liabilities:						
Warrants payable	$ 164,466	$	$	$ 732	$ 165,198	$ 14,142
Accounts payable and accruals	12,924,882		689,996	1,008	13,615,886	12,334,325
Due to other governments			78,837		78,837	
Interfund payables	-	259,823	104,460		364,283	363,988
Deferred revenues			25,772		25,772	136,321
Other				51,639	51,639	5,793
Total Liabilities	13,089,348	259,823	899,065	53,379	14,301,615	12,854,569
Fund Balances:						
Reserved for:						
Life and health insurance benefits	16,206,999				16,206,999	14,973,012
Unemployment compensation benefits		9,700,288	404,130,834		413,831,122	402,899,908
Loans to other funds		125,720	136,472		262,192	2,963,676
Unreserved:						
Undesignated				124,565	124,565	104,909
Total Fund Balances	16,206,999	9,826,008	404,267,306	124,565	430,424,878	420,941,505
Total Liabilities and Fund Balances	$ 29,296,347	$ 10,085,831	$ 405,166,371	$ 177,944	$ 444,726,493	$ 433,796,074

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 1988

	Fiscal Management Board		Employment Security Commission		Totals for the Year Ended	
	Group Insurance	State Employees' Unemployment Insurance	Unemployment Compensation	Other	June 30, 1988	June 30, 1987
Revenues:						
Taxes	$	$	$ 58,371,141	$	$ 58,371,141	$ 68,376,272
Employer premiums	53,910,547	2,672,100			56,582,647	54,305,819
Federal government			3,177,621		3,177,621	3,410,901
Interest	1,464,852		31,380,799	1,357	32,847,008	35,599,982
Other	338,319			45,348	383,667	265,087
Total Revenues	55,713,718	2,672,100	92,929,561	46,705	151,362,084	161,958,311
Expenditures:						
General government:						
Benefits	53,287,262	1,043,775			54,331,037	50,172,262
Administrative fees	1,192,469			26,563	1,219,032	1,402,447
Health and social services:						
Benefits			86,328,156		86,328,156	112,038,048
Total Expenditures	54,479,731	1,043,775	86,328,156	26,563	141,878,225	163,612,757
Excess of Revenues over (under) Expenditures	1,233,987	1,628,325	6,601,405	20,142	9,483,859	(1,654,446)
Other Financing Sources (Uses):						
Operating transfers out				(486)	(486)	(159,982)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,233,987	1,628,325	6,601,405	19,656	9,483,373	(1,814,428)
Fund Balances July 1	14,973,012	8,197,683	397,665,901	104,909	420,941,505	422,755,933
Fund Balances June 30	$ 16,206,999	$ 9,826,008	$ 404,267,306	$ 124,565	$ 430,424,878	$ 420,941,505

Nonexpendable Trust Funds

Combining Balance Sheet
June 30, 1988

	School for the Blind	Treasurer	Department of Archives and History	
	Endowment	Oil and Gas Taxes on State-owned Land	Dunbar Rowland	Stonewall Jackson Memorial
Assets:				
Cash and cash equivalents	$ 66,367	$ 19,053,627	$ 10,557	$ 37,077
Receivables, net				
Accounts		1,171		
Interest		50,609		295
Interfund receivables				
Total Assets	$ 66,367	$ 19,105,407	$ 10,557	$ 37,372
Liabilities:				
Accounts payable and accruals	$	$ 15,500	$	$
Interfund payables				
Total Liabilities		15,500		
Fund Balances:				
Reserved for				
Scholarships				20,000
Books and historical manuscripts			5,000	
Student activities	66,367			
Education and vocational training		18,506,681		
Other				
Unreserved		583,226	5,557	17,372
Total Fund Balances	66,367	19,089,907	10,557	37,372
Total Liabilities and Fund Balances	$ 66,367	$ 19,105,407	$ 10,557	$ 37,372

Nonexpendable Trust Funds

Combining Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended June 30, 1988

	School for the Blind	Treasurer	Department of Archives and History	
	Endowment	Oil and Gas Taxes on State-owned Land	Dunbar Rowland	Stonewall Jackson Memorial
Operating Revenues:				
Interest	$	$ 1,129,108	$ 744	$ 2,523
Oil and gas royalties		946,862		
Donations	10,000	47,419		
Other		2,352		
Total Operating Revenues	10,000	2,125,741	744	2,523
Operating Expenses:				
Scholarships				1,750
Administrative				12
Total Operating Expenses				1,762
Operating Income (Loss)	10,000	2,125,741	744	761
Other Financing Sources (Uses):				
Operating transfers in		7,892		
Operating transfers out		(2,013,000)		
Total Other Financing Sources (Uses)		(2,005,108)		
Net Income (Loss)	10,000	120,633	744	761
Fund Balances July 1	56,367	18,969,274	9,813	36,611
Fund Balances June 30	$ 66,367	$ 19,089,907	$ 10,557	$ 37,372

	Totals	
Other	June 30, 1988	June 30, 1987
$ 9,872	$ 19,177,500	$ 19,157,409
	1,171	
	50,904	39,144
		3,203
$ 9,872	$ 19,229,575	$ 19,199,756
$	$ 15,500	$
		116,533
	15,500	116,533
	20,000	20,000
	5,000	5,000
	66,367	56,367
	18,506,681	17,502,026
9,201	9,201	9,201
671	606,826	1,490,629
9,872	19,214,075	19,083,223
$ 9,872	$ 19,229,575	$ 19,199,756

	Totals for the Year Ended	
Other	June 30, 1988	June 30, 1987
$ 649	$ 1,133,024	$ 968,614
	946,862	521,269
	57,419	14,882
	2,352	
649	2,139,657	1,504,765
	1,750	1,800
1,935	1,947	12
1,935	3,697	1,812
(1,286)	2,135,960	1,502,953
	7,892	165,817
	(2,013,000)	(973,709)
	(2,005,108)	(807,892)
(1,286)	130,852	695,061
11,158	19,083,223	18,388,162
$ 9,872	$ 19,214,075	$ 19,083,223

Combining Statement of Changes in Financial Position
For the Year Ended June 30, 1988

	School for the Blind	Treasurer	Department of Archives and History	
	Endowment	Oil and Gas Taxes on State-owned Land	Dunbar Rowland	Stonewall Jackson Memorial
Sources of Working Capital:				
Operations				
Net income	$ 10,000	$ 120,633	$ 744	$ 761
Net Increase (Decrease) in Working Capital	$ 10,000	$ 120,633	$ 744	$ 761
Elements of Net Increase (Decrease) in Working Capital:				
Cash and cash equivalents	$ 10,000	$ 9,485	$ 1,173	$ 719
Receivables net:				
Accounts		1,171		
Interest		12,147	(429)	42
Interfund receivable		(3,203)		
Accounts payable and accruals		(15,500)		
Interfund payables		116,533		
Amounts held in custody for others				
Net Increase (Decrease) in Working Capital	$ 10,000	$ 120,633	$ 744	$ 761

Other	Totals for the Year Ended June 30, 1988	Totals for the Year Ended June 30, 1987
$ (1,286)	$ 130,852	$ 695,061
$ (1,286)	$ 130,852	$ 695,061
$ (1,286)	$ 20,091	$ 195,627
	1,171	
	11,760	(48,414)
	(3,203)	3,203
	(15,500)	
	116,533	544,045
		600
$ (1,286)	$ 130,852	$ 695,061

Pension Trust Funds

Combining Balance Sheet
June 30, 1988

	Public Employees' Retirement System	Highway Safety Patrol Retirement System	Municipal Retirement System
Assets:			
Current assets:			
Cash and cash equivalents	$ 9,771,459	$ 55,848	$ 9,806
Investments	3,282,825,150		
Collateral held under reverse repurchase agreements	640,520,100		
Receivables, net:			
Securities sold	10,436,499		
Interest	52,438,119		
Dividends	2,165,195		
Contributions	25,440,199	329,475	575,535
Other			
Interfund receivables		80,247,883	67,911,656
Total Current Assets	4,023,596,721	80,633,206	68,496,997
Land	508,000		
Buildings, net	3,276,871		
Improvements other than buildings, net	113,179		
Machinery and equipment, net	654,393		
Total Assets	$ 4,028,149,164	$ 80,633,206	$ 68,496,997
Liabilities:			
Warrants payable	$ 175,910	$	$
Accounts payable and accruals	16,209,094		
Interfund payables	148,275,078		
Obligations under reverse repurchase agreements	640,520,100		
Total Liabilities	805,180,182		
Fund Balances:			
Reserved for pension benefits:			
Current retirees and beneficiaries	1,528,310,000	62,820,000	110,118,000
Terminated vested participants	106,328,000	211,000	
Projected benefits for active employees:			
Member contributions	935,716,000	5,644,000	18,029,000
Employer-financed portion	1,446,332,000	24,357,000	86,499,000
Total Pension Benefit Obligation	4,016,686,000	93,032,000	214,646,000
Unfunded pension benefit obligation	(793,717,018)	(12,398,794)	(146,149,003)
Total Fund Balances	3,222,968,982	80,633,206	68,496,997
Total Liabilities and Fund Balances	$ 4,028,149,164	$ 80,633,206	$ 68,496,997

Totals	
June 30, 1988	June 30, 1987
$ 9,837,113	$ 13,277,803
3,282,825,150	2,903,454,911
640,520,100	662,508,008
10,436,499	40,813,777
52,438,119	39,217,858
2,165,195	2,395,751
26,345,209	24,570,284
	389,536
148,159,539	75,211,121
4,172,726,924	3,761,839,049
508,000	508,000
3,276,871	3,365,436
113,179	117,422
654,393	582,660
$ 4,177,279,367	$ 3,766,412,567
$ 175,910	$
16,209,094	26,419,341
148,275,078	75,764,959
640,520,100	662,508,008
805,180,182	764,692,308
1,701,248,000	1,607,582,000
106,539,000	59,822,000
959,389,000	799,628,000
1,557,188,000	1,312,043,000
4,324,364,000	3,779,075,000
(952,264,815)	(777,354,741)
3,372,099,185	3,001,720,259
$ 4,177,279,367	$ 3,766,412,567

Combining Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended June 30, 1988

	Public Employees' Retirement System	Highway Safety Patrol Retirement System	Municipal Retirement System	Totals for the Year Ended	
				June 30, 1988	June 30, 1987
Operating Revenues:					
Member contributions	$ 121,309,229	$ 750,455	$ 2,709,706	$ 124,769,390	$ 111,775,549
State contributions	39,341,603	3,020,292		42,361,895	63,450,829
Political subdivisions contributions	137,567,690		9,565,610	147,133,300	106,805,213
Interest	216,208,938	6,706	3,385	216,219,029	191,716,213
Dividends	30,392,528			30,392,528	25,408,354
Gain (loss) on sale of investments	(32,801,680)			(32,801,680)	113,364,412
Income from securities lending transactions	31,937,269			31,937,269	17,816,960
Drivers' license reinstatement fees		1,075,060		1,075,060	874,226
Other	346,664	75,865	181,070	603,599	481,593
Total Operating Revenues	544,302,241	4,928,378	12,459,771	561,690,390	631,693,349
Operating Expenses:					
Benefits	171,541,527	5,000,119	10,302,264	186,843,910	164,083,383
Rebates on securities lending transactions	29,458,290			29,458,290	15,983,738
Refunds	28,792,055	31,883	100,298	28,924,236	33,612,614
Administrative expenses:					
Personal services:					
Salaries, wages and fringe benefits	1,977,799			1,977,799	1,819,189
Travel	47,937			47,937	49,734
Contractual services	5,950,853			5,950,853	5,841,511
Commodities	94,169			94,169	163,095
Depreciation	218,812			218,812	198,150
Other					7,296
Total Operating Expenses	238,081,442	5,032,002	10,402,562	253,516,006	221,758,710
Operating Income (Loss)	306,220,799	(103,624)	2,057,209	308,174,384	409,934,639
Nonoperating Revenues:					
Receipt of net assets from Municipal Retirement System			62,204,542	62,204,542	
Income (Loss) Before Operating Transfers	306,220,799	(103,624)	64,261,751	370,378,926	409,934,639
Operating Transfers In	228,727	5,248,762	4,408,960	9,886,449	8,449,339
Operating Transfers Out	(9,657,722)	(55,013)	(173,714)	(9,886,449)	(8,424,001)
Net Income	296,791,804	5,090,125	68,496,997	370,378,926	409,959,977
Fund Balances July 1	2,926,177,178	75,543,081		3,001,720,259	2,591,760,282
Fund Balances June 30	$ 3,222,968,982	$ 80,633,206	$ 68,496,997	$ 3,372,099,185	$ 3,001,720,259

Pension Trust Funds

Combining Statement of Changes in Financial Position
For the Year Ended June 30, 1988

	Public Employees' Retirement System	Highway Safety Patrol Retirement System	Municipal Retirement System	Totals for the Year Ended June 30, 1988	Totals for the Year Ended June 30, 1987
Sources of Working Capital:					
Operations:					
Net income	$ 296,791,804	$ 5,090,125	$ 68,496,997	$ 370,378,926	$ 409,959,977
Items not requiring working capital:					
Depreciation	218,812			218,812	198,150
Working Capital Provided by Operations	297,010,616	5,090,125	68,496,997	370,597,738	410,158,127
Proceeds from sale of assets					10,794
Total Sources of Working Capital	297,010,616	5,090,125	68,496,997	370,597,738	410,168,921
Uses of Working Capital:					
Acquisition of machinery and equipment	197,737			197,737	261,996
Net Increase in Working Capital	$ 296,812,879	$ 5,090,125	$ 68,496,997	$ 370,400,001	$ 409,906,925
Elements of Net Increase (Decrease) in Working Capital:					
Cash and cash equivalents	$ (3,477,445)	$ 26,949	$ 9,806	$ (3,440,690)	$ 11,755,182
Investments	379,370,239			379,370,239	357,690,720
Collateral held under reverse repurchase agreements	(21,987,908)			(21,987,908)	314,382,474
Receivables, net:					
Securities sold	(30,377,278)			(30,377,278)	37,894,446
Interest	13,220,261			13,220,261	(5,622,845)
Dividends	(230,556)			(230,556)	1,362,572
Contributions	1,172,976	26,414	575,535	1,774,925	(3,403,926)
Other	(389,536)			(389,536)	(631,290)
Interfund receivables		5,036,762	67,911,656	72,948,418	7,557,671
Warrants payable	(175,910)			(175,910)	211,696
Accounts payable and accruals	10,210,247			10,210,247	6,268,358
Interfund payables	(72,510,119)			(72,510,119)	(3,175,659)
Obligations under reverse repurchase agreements	21,987,908			21,987,908	(314,382,474)
Net Increase in Working Capital	$ 296,812,879	$ 5,090,125	$ 68,496,997	$ 370,400,001	$ 409,906,925

Agency Funds

Combining Balance Sheet
June 30, 1988

	Deferred Compensation Plan	Social Security	Local Government Distributive	Program
Assets:				
Cash and cash equivalents	$ 163,507	$	$ 254,596	$ 27,888,857
Investments	90,722,000			
Receivables, net:				
Interest and dividends	257,810			28,363
Contributions	695,700	454,259		
Other			1,112,583	10,757,325
Interfund receivables		107,805		706,637
Commodity inventory				142,758
Total Assets	$ 91,839,017	$ 562,064	$ 1,367,179	$ 39,523,940
Liabilities:				
Warrants payable	$	$	$ 60,376	$ 438,614
Accounts payable and accruals	121,814			
Due to other governments		562,064	93,825	38,145
Interfund payables			96,925	10,942,231
Amounts held in custody for others	91,717,203		1,116,053	28,104,950
Total Liabilities	$ 91,839,017	$ 562,064	$ 1,367,179	$ 39,523,940

Institutional	Highway Refunded Bonds	Totals June 30, 1988	Totals June 30, 1987
$ 1,404,727	$ 52,698	$ 29,764,385	$ 27,206,012
		90,722,000	86,841,687
1,053		287,226	552,306
		1,149,959	1,290,822
28,572		11,898,480	1,133,590
		814,442	1,215,759
		142,758	167,496
$ 1,434,352	$ 52,698	$ 134,779,250	$ 118,407,672
$	$ 1,821	$ 500,811	$ 2,543,612
10,352		132,166	593,651
		694,034	1,349,670
73,307		11,112,463	302,826
1,350,693	50,877	122,339,776	113,617,913
$ 1,434,352	$ 52,698	$ 134,779,250	$ 118,407,672

Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 1988

	Assets					
Fund	Cash and Cash Equivalents	Investments	Receivables	Interfund Receivables	Commodity Inventory	Total Assets
Deferred Compensation Plan:						
Balance July 1, 1987	$ 218,837	$ 86,841,687	$ 1,206,386	$	$	$ 88,266,910
Additions	131,579,610	126,831,373	953,510			259,364,493
Deductions	131,634,940	122,951,060	1,206,386			255,792,386
Balance June 30, 1988	163,507	90,722,000	953,510			91,839,017
Social Security:						
Balance July 1, 1987			633,362	553,838		1,187,200
Additions			454,259			454,259
Deductions			633,362	446,033		1,079,395
Balance June 30, 1988			454,259	107,805		562,064
Local Government Distributive:						
Balance July 1, 1987	431,128		1,074,658			1,505,786
Additions	23,555,878		1,112,583			24,668,461
Deductions	23,732,410		1,074,658			24,807,068
Balance June 30, 1988	254,596		1,112,583			1,367,179
Program:						
Balance July 1, 1987	25,179,334		22,781	661,921	167,496	26,031,532
Additions	82,126,694		10,785,688	13,436,146	16,530,702	122,879,230
Deductions	79,417,171		22,781	13,391,430	16,555,440	109,386,822
Balance June 30, 1988	27,888,857		10,785,688	706,637	142,758	39,523,940
Institutional:						
Balance July 1, 1987	1,314,348		39,531			1,353,879
Additions	5,230,947		347,559			5,578,506
Deductions	5,140,568		357,465			5,498,033
Balance June 30, 1988	1,404,727		29,625			1,434,352
Highway Refunded Bonds:						
Balance July 1, 1987	62,365					62,365
Additions	53,943,549					53,943,549
Deductions	53,953,216					53,953,216
Balance June 30, 1988	52,698					52,698
Total - All Agency Funds:						
Balance July 1, 1987	27,206,012	86,841,687	2,976,718	1,215,759	167,496	118,407,672
Additions	296,436,678	126,831,373	13,653,599	13,436,146	16,530,702	466,888,498
Deductions	293,878,305	122,951,060	3,294,652	13,837,463	16,555,440	450,516,920
Balance June 30, 1988	$ 29,764,385	$ 90,722,000	$ 13,335,665	$ 814,442	$ 142,758	$ 134,779,250

Liabilities

Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Interfund Payables	Amounts Held In Custody for Others	Total Liabilities
$	$ 147,144	$	$	$ 88,119,766	$ 88,266,910
	121,814			4,111,101	4,232,915
	147,144			513,664	660,808
	121,814			91,717,203	91,839,017
		1,187,200			1,187,200
		454,259			454,259
		1,079,395			1,079,395
		562,064			562,064
231,359		98,325	101,375	1,074,727	1,505,786
60,376		93,825	96,925	20,058,756	20,309,882
231,359		98,325	101,375	20,017,430	20,448,489
60,376		93,825	96,925	1,116,053	1,367,179
2,312,253	425,483	64,145	116,521	23,113,130	26,031,532
438,614		109,798	19,794,386	89,887,579	110,230,377
2,312,253	425,483	135,798	8,968,676	84,895,759	96,737,969
438,614		38,145	10,942,231	28,104,950	39,523,940
	21,024		84,930	1,247,925	1,353,879
	158,543		335,865	4,881,810	5,376,218
	169,215		347,488	4,779,042	5,295,745
	10,352		73,307	1,350,693	1,434,352
				62,365	62,365
1,821				53,943,549	53,945,370
				53,955,037	53,955,037
1,821				50,877	52,698
2,543,612	593,651	1,349,670	302,826	113,617,913	118,407,672
500,811	280,357	657,882	20,227,176	172,882,795	194,549,021
2,543,612	741,842	1,313,518	9,417,539	164,160,932	178,177,443
$ 500,811	$ 132,166	$ 694,034	$ 11,112,463	$ 122,339,776	$ 134,779,250

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University Funds

University funds account for all transactions relating to public institutions of higher learning, including a teaching hospital.

University Funds Descriptions

Current Funds	**Unrestricted Fund** — accounts for currently expendable resources which may be either designated or not designated by the universities for specific purposes. **Restricted Fund** — accounts for resources restricted by the donor or external agency for a specific use or program.
Fiduciary Funds	**Loan Fund** — accounts for resources provided by the federal government, private gifts and other university funds, which are available for loans to students. **Endowment Fund**— accounts for resources which are invested in accordance with donor restrictions and only the income earned thereon may be expended. **Agency Fund** — accounts for amounts held in custody for students, university-related organizations and others.
Plant Funds	Account for the various unexpended resources to finance the acquisition and/or repair or replacement of long-lived plant facilities, for renewal and replacement of those facilities constructed from bond proceeds which remain governed under a related bond indenture of trust, for the resources restricted to interest and principal payments and other debt service charges related to plant indebtedness, and for all long-lived assets in the service of the universities and all construction in progress and their associated liabilities.

Combining Balance Sheet
June 30,1988

	Current Funds	
	Unrestricted	Restricted
Assets:		
Cash and cash equivalents	$ 67,319,394	$ 15,384,410
Investments	471,274	279,350
Accounts receivable, net	40,822,543	14,575,346
Interfund receivables	15,020,890	1,398,340
Inventories	12,204,060	
Prepaid expenses	5,245,034	2,944
Loans and notes receivable, net		
Land		
Buildings		
Improvements other than buildings		
Furniture, machinery and equipment		
Construction in progress		
Books and films		
Assets under capital lease		
Livestock		
Other assets		
Total Assets	$ 141,083,195	$ 31,640,390
Liabilities:		
Warrants payable	$ 10,190,169	$
Accounts payable and accruals	39,798,627	815,731
Interfund payables	9,763,231	6,189,102
Deferred revenue	10,438,488	996,351
General obligation bonds payable		
Revenue bonds and notes payable		
Obligations under capital lease		
Amount held in custody for others		
Other liabilities	61,751	
Total Liabilities	70,252,266	8,001,184
Fund Balances:		
Investment in fixed assets		
Fund balances:		
Reserved	21,763,172	20,172,593
Unreserved	49,067,757	3,466,613
Total Fund Balances	70,830,929	23,639,206
Total Liabilities and Fund Balances	$ 141,083,195	$ 31,640,390

Fiduciary Funds			Plant Funds	Totals	
Loan	Endowment and Similar	Agency		June 30,1988	June 30,1987
$ 7,935,144	$ 9,032,554	$ 1,804,100	$ 30,754,769	$ 132,230,371	$ 109,296,493
6,447,154	5,763,297		5,696,897	18,657,972	7,030,910
4,916,775	6,561	86,525	1,522,639	61,930,389	64,134,361
67,827		504,538	750,899	17,742,494	18,146,879
				12,204,060	10,964,885
32	39,752	1,679	472,889	5,762,330	3,374,713
39,836,837				39,836,837	38,874,855
			14,532,844	14,532,844	14,355,100
			476,604,908	476,604,908	468,561,191
			41,168,749	41,168,749	29,058,136
			169,744,185	169,744,185	149,337,788
			6,499,030	6,499,030	18,780,958
			83,472,094	83,472,094	74,825,457
			24,762,020	24,762,020	14,778,204
			1,942,924	1,942,924	1,948,272
	1,340,068			1,340,068	1,340,068
$ 59,203,769	$ 16,182,232	$ 2,396,842	$857,924,847	$ 1,108,431,275	$1,024,808,270
$	$	$	$	$ 10,190,169	$ 13,659,208
3,236,958		86,136	104,165	44,041,617	17,674,219
36,674	1,021	241,032	1,262	16,232,322	14,727,468
2,402,958	402,576			14,240,373	10,145,415
			10,624,000	10,624,000	11,969,000
			32,787,600	32,787,600	31,400,702
			10,409,471	10,409,471	9,378,809
		2,069,674		2,069,674	2,560,326
				61,751	
5,676,590	403,597	2,396,842	53,926,498	140,656,977	111,515,147
			765,887,340	765,887,340	624,711,313
53,527,179	15,778,635		38,111,009	149,352,588	89,450,562
				52,534,370	199,131,248
53,527,179	15,778,635		803,998,349	967,774,298	913,293,123
$ 59,203,769	$ 16,182,232	$ 2,396,842	$ 857,924,847	$ 1,108,431,275	$1,024,808,270

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General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for fixed assets acquired for general governmental purposes. These include all fixed assets except those accounted for in the proprietary and fiduciary fund types.

General Fixed Assets

Schedule of General Fixed Assets by Function
June 30, 1988

Function	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General government	$ 6,423,553	$ 56,466,378	$ 3,246,076	$ 16,957,129	$ 83,093,136
Education	223,885	8,788,143	853,712	105,635,672	115,501,412
Health and social services	922,628	94,198,256	8,260,152	58,077,659	161,458,695
Law, justice and public safety	4,278,039	134,334,402	14,024,813	32,721,935	185,359,189
Recreation and resources development	31,621,246	28,653,834	19,933,852	30,689,589	110,898,521
Regulation of business and professions		1,502,770	59,876	2,112,343	3,674,989
Transportation	3,018,806	14,007,155		67,164,942	84,190,903
Total General Fixed Assets Allocated to Functions	$46,488,157	$337,950,938	$46,378,481	$313,359,269	744,176,845
Construction in progress					43,455,856
Total General Fixed Assets					$787,632,701

General Fixed Assets

Schedule of Changes in General Fixed Assets
For the Year Ended June 30, 1988

	Balance July 1, 1987	Additions	Deletions	Balance June 30, 1988
Land	$ 46,007,501	$ 504,385	$ 23,729	$ 46,488,157
Buildings	325,799,225	12,740,402	588,689	337,950,938
Improvements other than buildings	39,545,496	6,866,225	33,240	46,378,481
Machinery and equipment	289,297,272	42,911,121	18,849,124	313,359,269
Construction in progress	16,387,030	38,233,460	11,164,634	43,455,856
Total	$ 717,036,524	$ 101,255,593	$ 30,659,416	$ 787,632,701

General Fixed Assets

Schedule of Changes in General Fixed Assets by Function
For the Year Ended June 30, 1988

	Balance July 1, 1987	Additions	Deletions	Balance June 30, 1988
General government	$ 82,751,856	$ 1,746,746	$ 1,405,466	$ 83,093,136
Education	107,028,795	10,586,850	2,114,233	115,501,412
Health and social services	150,341,441	18,056,939	6,939,685	161,458,695
Law, justice and public safety	172,964,874	18,273,961	5,879,646	185,359,189
Recreation and resources development	106,978,229	6,732,531	2,812,239	110,898,521
Regulation of business and professions	3,357,246	436,879	119,136	3,674,989
Transportation	77,227,053	7,188,227	224,377	84,190,903
Total by Function	700,649,494	63,022,133	19,494,782	744,176,845
Construction in progress	16,387,030	38,233,460	11,164,634	43,455,856
Total	$ 717,036,524	$ 101,255,593	$ 30,659,416	$ 787,632,701

General Long-term Obligations Account Group

The General Long-term Obligations Account Group accounts for the State's outstanding general obligation bonds, limited obligation bonds and other long-term obligations payable from governmental fund types.

General Long-term Obligations

Schedule of Changes in General Long-term Obligations
For the Year Ended June 30, 1988

	General Obligation Notes	General Obligation Bonds	Limited Obligation Bonds	Accrued Compensated Absences	Capital Lease Obligations	Other Long-term Obligations	Total
Balance at July 1, 1987	$ 11,669,000	$ 193,035,000	$ 208,104,663	$ 35,537,330	$ 4,198,799	$ 724,883	$ 453,269,675
Notes and bonds issued	4,264,845	113,762,000					118,026,845
Compensated absences earned				24,665,133			24,665,133
Decrease in lease obligations					(2,653,937)		(2,653,937)
Increase in accreted value of capital appreciation bonds			3,166,235				3,166,235
Increase in lease obligations					8,673,766		8,673,766
Principal retirements	(11,669,000)	(16,881,000)	(7,225,000)			(724,883)	(36,499,883)
Compensated absences taken				(21,364,263)			(21,364,263)
Balance at June 30, 1988	$ 4,264,845	$ 289,916,000	$ 204,045,898	$ 38,838,200	$ 10,218,628	$ 0	$ 547,283,571

Statistical and Economic Data

The accompanying statistical tables of the State of Mississippi reflect social and economic data to allow a broader understanding of the environment in which the State operates, as well as historical perspectives and financial trends to assess the fiscal capacity of State government. Statistical tables differ from financial statements because they usually cover more than two fiscal years and present certain nonaccounting data.

Expenditures by Function

All Governmental Fund Types
For the Last Ten Fiscal Years
(Expressed in Thousands)

Table I

Function	1988	1987	1986	1985
General government	$ 576,093	$ 563,363	$ 518,401	$ 699,728
Education	1,079,385	990,151	926,117	821,412
Health and social services	1,210,533	1,091,492	1,035,220	761,171
Law, justice and public safety	141,321	128,922	131,847	117,394
Recreation and resources development	76,166	71,187	71,824	56,533
Regulation of business and professions	12,529	11,691	11,991	11,673
Transportation	368,512	345,887	403,515	385,511
Debt service	69,635	70,856	83,729	66,058
Capital outlay	39,803	23,913	24,822	41,804
Total Expenditures - All Governmental Fund Types	$ 3,573,977	$ 3,297,462	$ 3,207,466	$ 2,961,284

Source: Fiscal Years 1979-1985 -- Cash Basis Records of State of Mississippi, Department of Public Accounts
Fiscal Years 1986-1988 -- Mississippi Comprehensive Annual Financial Report, GAAP Basis
Note: Governmental Fund Types are described in Note IC of the Notes to the Financial Statements.

Revenues by Source

All Governmental Fund Types
For the Last Ten Fiscal Years
(Expressed in Thousands)

Table II

Source	1988	1987	1986	1985
State taxes	$ 2,108,761	$ 1,936,314	$ 1,914,287	$ 1,732,596
Licenses, fees and permits	67,951	68,864	63,921	72,882
Interest on investments	51,286	40,643	48,005	41,670
Federal government	1,466,437	1,357,658	1,281,371	940,752
Departmental services	144,438	149,055	144,082	168,266
Other	41,863	53,997	82,901	178,580
Total Revenues - All Governmental Fund Types	$ 3,880,736	$ 3,606,531	$ 3,534,567	$ 3,134,746

Source: Fiscal Years 1979-1985 -- Cash Basis Records of State of Mississippi, Department of Public Accounts
Fiscal Years 1986-1988 -- Mississippi Comprehensive Annual Financial Report, GAAP Basis
Note: Governmental Fund Types are described in Note 1C of the Notes to the Financial Statements.

State Tax Revenues by Source

All Governmental Fund Types
For the Last Ten Fiscal Years
(Expressed in Thousands)

Table III

Source	1988	1987	1986	1985
Sales and use	$ 998,278	$ 1,028,554	$ 1,039,574	$ 932,159
Gasoline	267,456	146,209	149,983	123,203
Motor fuel and privilege	35,746	32,564	33,512	32,267
Motor vehicle registration	25,541	16,638	15,999	11,734
Individual income	354,684	301,893	276,966	219,492
Alcoholic beverage	37,443	40,646	39,417	37,949
Corporate income and franchise	166,391	159,608	146,757	172,973
Severance	51,266	50,719	70,213	92,899
Inheritance	15,983	9,590	13,039	10,688
Tobacco	53,450	54,507	54,424	36,599
Insurance	78,026	72,592	69,236	54,969
Nuclear power	19,487	17,810		
Other	5,010	4,984	5,167	7,664
Total Tax Revenues - All Governmental Fund Types	$ 2,108,761	$ 1,936,314	$ 1,914,287	$ 1,732,596

Source: Fiscal Years 1979-1985 -- Cash Basis Records of State of Mississippi, Department of Public Accounts
Fiscal Years 1986-1988 -- Mississippi Comprehensive Annual Financial Report, GAAP Basis
Note: Governmental Fund Types are described in Note IC of the Notes to the Financial Statements.

1984	1983	1982	1981	1980	1979
$ 512,673	$ 468,592	$ 443,983	$ 366,236	$ 339,829	$ 314,038
784,538	744,434	733,351	785,427	754,385	662,095
718,295	600,360	636,251	655,269	601,232	525,226
130,680	130,611	94,245	88,111	78,111	74,135
73,553	63,626	65,220	52,591	52,550	48,855
10,828	10,417	8,479	8,717	7,154	6,714
344,563	339,996	349,886	374,889	350,583	262,003
66,278	67,090	68,590	66,678	65,480	53,674
25,841	23,573	39,151	67,089	78,201	56,923
$ 2,667,249	$ 2,448,699	$ 2,439,156	$ 2,465,007	$ 2,327,525	$ 2,003,663

1984	1983	1982	1981	1980	1979
$ 1,704,152	$ 1,476,277	$ 1,419,325	$ 1,376,129	$ 1,229,932	$ 1,131,629
78,374	66,702	60,836	51,943	44,729	38,296
34,241	45,526	60,919	46,049	29,942	19,675
853,382	773,398	786,953	811,482	802,616	693,029
179,265	158,766	157,174	142,436	127,114	131,191
141,080	177,013	104,631	167,381	165,128	116,856
$ 2,990,494	$ 2,697,682	$ 2,589,838	$ 2,595,420	$ 2,399,461	$ 2,130,676

1984	1983	1982	1981	1980	1979
$ 888,024	$ 761,866	$ 767,460	$ 724,493	$ 671,910	$ 604,185
114,776	113,541	94,967	112,333	121,324	120,752
29,139	27,388	26,888	21,408	19,189	17,900
11,089	10,238	10,000	10,050	9,598	9,295
258,207	197,188	167,783	200,145	149,948	153,079
35,492	35,953	36,302	34,795	32,554	34,011
167,544	110,449	106,480	95,743	89,057	79,896
102,956	114,627	117,013	87,886	52,515	32,923
8,555	8,043	6,587	6,053	6,006	4,615
34,081	35,067	35,074	34,510	33,231	32,300
49,818	57,468	42,256	39,923	36,872	34,515
4,471	4,449	8,515	8,790	7,728	8,158
$ 1,704,152	$ 1,476,277	$ 1,419,325	$ 1,376,129	$ 1,229,932	$ 1,131,629

Net General Long-term Bonded Debt Per Capita

For the Last Ten Fiscal Years **Table IV**
(Expressed in Thousands Except Per capita Data)

		General Long-term Bonded Debt			
Fiscal year	**Population**	Principal Outstanding	Less: Debt Service Fund	Net	**Net General Long-term Debt Per capita**
1988	2,641	$ 498,227	$ 193,373	$ 304,854	$ 115
1987	2,625	412,809	158,121	254,688	97
1986	2,624	425,419	172,626	252,793	96
1985	2,613	718,578	218,762	499,816	191
1984	2,598	745,133	181,258	563,875	217
1983	2,581	763,782	151,905	611,877	237
1982	2,569	782,421	117,880	664,541	259
1981	2,548	774,558	91,339	683,219	268
1980	2,523	774,984	64,098	710,886	282
1979	2,508	786,228	46,288	739,940	295

Source: Population at December 31, 1979-1987 - U.S. Department of Commerce, Bureau of the Census
Population at December 31, 1988 - (Estimated) -- Mississippi Econometric Model
General Long-term Bonded Debt -- State Treasurer
Debt Service Funds -- Fiscal Years 1979-1985 -- Cash Basis Records of State of Mississippi, Department of Public Accounts
Fiscal Years 1986-1988 -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

1. Total general long-term bonded debt and notes include limited obligation bonds payable from specific General Fund (GAAP Basis) revenues; it excludes general obligation bonds payable from enterprise and university funds.

2. Debt service fund represents monies designated for retirement of general long-term bonded debt for fiscal years 1977-1985 and represents designated general and debt service fund balances as reflected in Mississippi Comprehensive Annual Financial Report for fiscal years 1986-1988.

Ratio of Annual Debt Service for General Long-term Bonded Debt to Total Revenues and Expenditures

For the Last Ten Fiscal Years **Table V**
(Expressed in Thousands Except Ratio Data)

Fiscal Year	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
1988	$ 69,635	$ 3,880,737	1.8	$ 3,573,977	1.9
1987	70,856	3,606,531	2.0	3,297,462	2.1
1986	83,729	3,534,567	2.4	3,207,466	2.6
1985	66,058	3,134,746	2.1	2,961,284	2.2
1984	66,278	2,990,494	2.2	2,667,249	2.5
1983	67,090	2,697,682	2.5	2,448,699	2.7
1982	68,590	2,589,838	2.6	2,439,156	2.8
1981	66,678	2,595,420	2.6	2,465,007	2.7
1980	65,480	2,399,461	2.7	2,327,525	2.8
1979	53,674	2,130,676	2.5	2,003,663	2.7

Source: Total Debt Service, Revenues and Expenditures -- Fiscal Years 1979-1985 -- Cash Basis Records of State of Mississippi, Department of Public Accounts
Fiscal Years 1986-1988 -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Total debt service represents principal and interest paid on general and limited obligation bonds.

Computation of Legal Debt Margin

June 30, 1988 **Table VI**

(Expressed in Thousands)

Legal debt limit (1 1/2 times revenue collected during any one of the four preceding years, whichever is higher) (1)	$	3,415,250
Amount of debt applicable to debt limit (2)	498,227	
Less: amounts available for debt service	193,373	
Net amount of debt applicable to debt limit		304,854
Legal Debt Margin		$ 3,110,396

Notes:

(1) The State's constitutional debt limit is established under Section 115 of the Mississippi Constitution at one and one-half times the sum of all revenues collected by the State during any one of the four preceding fiscal years, whichever may be higher. Revenues included in the foregoing debt limitation computation are restricted by current practice to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges (including netincome from the sale of alcoholic beverages), fines, forfeits, and penalties. Defined revenues for the four preceding years were:

Fiscal Year	Applicable Governmental Fund Revenues
1987	$ 2,276,833
1986	2,216,591
1985	2,150,414
1984	2,025,444

(2.) The legal debt limit applies to total general long-term bonded debt, which includes limited obligation bonds payable from specific General Fund revenues and excludes general obligation bonds payable from enterprise and university funds.

Revenue Bond Coverage

For the Last Eight Fiscal Years(Tables Expressed in Thousands Except Coverage Data) **Table VII**

MISSISSIPPI HOUSING FINANCE CORPORATION (1)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1988	$ 77,310	$ 961	$ 68,349	$ 242,944*	$ 67,553	$ 310,497	$ .22
1987	76,594	2,086	74,508	33,445	69,301	102,746	.73
1986	61,294	1,097	60,197	11,940	53,821	65,761	.92
1985	41,992	739	41,253	62,035	35,660	97,695	.42
1984	32,549	537	32,012	1,975	30,152	32,127	1.00
1983	16,353	418	15,935		14,019	14,019	1.14
1982	15,778	341	15,437		12,864	12,864	1.20

* The Corporation redeemed $146,945,000 of principal with bond proceeds not used to purchase mortgage loans.

MISSISSIPPI HOSPITAL EQUIPMENT AND FACILITIES AUTHORITY (2)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1988	$ 12,009	$ 1,056	$ 10,953	$ 10,870*	$ 10,834	$ 21,704	$ .50
1987	4,634	686	3,948	3,795	3,426	7,221	.55
1986	2,310	260	2,050		1,948	1,948	1.05
1985	2,266	267	1,999		1,856	1,856	1.08

* The Authority redeemed $6,830,000 of principal for extraordinary mandatory redemption in accordance with the bond indenture.

MISSISSIPPI FAIR COMMISSION(3)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1988	$ 2,524	$ 2,178	$ 346	$ 257	$ 154	$ 411	$ .84
1987	2,299	2,067	232	86	160	246	.94
1986	2,174	2,151	23	35	93	128	.18
1985	2,245	2,121	124	50	21	71	1.75
1984	3,159	2,594	565	45	24	69	8.19
1983	2,099	1,625	474	40	27	67	7.07
1982	1,688	1,419	269	39	29	68	3.96
1981	1,563	1,436	127	39	31	70	1.81

Source:

Fiscal Years 1981-1985 - Audited Financial Statements of Individual Agencies

Fiscal Years 1986-1988 - Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

(1) Mississippi Housing Finance Corporation, whose fiscal year ends August 31, issued its first series of revenue bonds September 1, 1980 (fiscal year ended August 31, 1981). Under Mississippi Housing Finance Corporation's bond resolutions, investments and scheduled amounts of principal installments, including anticipated mortgage loan prepayments, are pledged to satisfy debt service requirements not covered by gross revenues; therefore, the State is not in default on any outstanding bonds.

(2) Revenue bonds were issued by Mississippi Hospital Equipment and Facilities Authority during fiscal year 1985.

(3) Revenue bonds were issued by the Mississippi Fair Commission during fiscal years 1980 through 1985. Information for years prior to 1981 is not available.

Demographic Statistics

For the Last Ten Calendar Years **Table VIII**

Calendar Year	Population (In Thousands)	Per capita Income (Current $)	Median Age	Public School Enrollment	Unemployment Rate
1987	2,625	$ 10,344	30.6	498,639	10.2 %
1986	2,624	9,716	30.4	459,631	11.7
1985	2,613	9,279	30.0	459,049	10.3
1984	2,598	8,916	29.7	461,272	10.8
1983	2,581	8,314	29.3	462,581	12.6
1982	2,569	8,005	29.0	466,521	11.0
1981	2,548	7,668	28.6	472,304	8.3
1980	2,523	6,927	28.1	482,041	7.4
1979	2,508	6,441	27.8	491,440	5.8
1978	2,488	5,734	27.4	500,014	7.1

Source: Population -- U.S. Department of Commerce, Bureau of the Census
Per capita Income -- Mississippi Research and Development Center
Median Age -- Sales and Marketing Management, Survey of Buying Power, 1979-1988
Public School Enrollment -- Kindergarten - Grade 12 -- Academic Year -- Mississippi State Department of Education
Unemployment Rate -- Mississippi Employment Security Commission

Economic Characteristics

For the Last Ten Calendar Years **Table IX**

(Expressed in Millions Except Average Annual Consumer Price Index)

Calendar year	Gross State Product (Current $)	Gross State Product (Inflation-Adjusted $)	Personal Income (Current $)	Personal Income (Inflation-Adjusted $)	Average Annual Consumer Price Index
1987	$ *	$ *	$ 26,812	$ 23,597	113.62
1986	31,830	29,049	25,454	23,230	109.57
1985	30,819	28,658	24,242	22,542	107.54
1984	29,637	28,535	23,160	22,299	103.86
1983	26,610	26,725	21,431	21,525	99.57
1982	25,537	26,460	20,552	21,295	96.51
1981	24,545	26,996	19,489	21,436	90.92
1980	21,470	26,053	17,500	21,235	82.41
1979	20,178	27,801	16,150	22,250	72.58
1978	17,959	27,532	14,264	21,866	65.23

Source: Gross State Product - U.S. Dept. of Commerce, Bureau of Economic Analysis (BEA)
Gross State Product (Inflation Adjusted), GSP divided by Average Annual Consumer Price Index (CPI) - U.S. Dept. of Commerce
Personal Income (TPI) - U.S. Dept. of Commerce, BEA
Personal Income (Inflation Adjusted), TPI divided by CPI - U.S. Dept. of Commerce
Average Annual Consumer Price Index - Bureau of Labor Statistics "Consumer Price Index Release", August 1988

* Information not available

Mississippi Average Annual Wage by Sector

Table X

Sector of Employment	Calendar Year			Percentage Increase from 1976 to 1987
	1987	1982	1976	
Manufacturing	$ 17,819	$ 14,804	$ 9,457	88%
Construction	16,651	18,302	10,545	58%
Mining	23,195	22,173	13,369	73%
Trade	12,215	10,790	7,566	61%
Services	14,381	11,806	7,672	87%
Finance, insurance and real estate	19,227	15,216	9,941	93%
Transportation, communication and utilities	23,998	19,944	12,995	85%
Total government	18,062	14,831	10,475	72%

Source: U.S. Department of Commerce, BEA

Bank Deposits, Retail Sales, Median Household Disposable Income

For the Last Ten Calendar Years
(Expressed in Thousands Except Median Income)

Table XI

Calendar Year	Bank Deposits	Retail Sales	Individual IRS Collections	Median Household Disposable (Aftertax) Income
1987	$ 15,829,544	$ 16,237,200	$ 3,108,726	$ 17,462
1986	15,106,582	16,202,000	2,648,968	17,111
1985	14,376,524	15,482,000	2,455,643	16,448
1984	13,383,748	14,052,000	2,284,784	18,099
1983	12,612,905	14,558,600	2,211,118	17,020
1982	11,571,314	14,886,800	2,528,495	16,019
1981	10,806,099	14,311,200	1,994,670	14,066
1980	9,796,932	13,343,600	1,718,718	13,387
1979	9,183,276	12,028,700	1,509,270	12,776
1978	8,312,771	10,590,000	1,264,367	11,991

Source: Bank Deposits -- Department of Banking and Consumer Finance
Retail Sales -- Mississippi Research and Development Center
Individual IRS Collections -- Internal Revenue Service
Median Household Disposable (Aftertax) Income -- Sales and Marketing Management, Survey of Buying Power, 1979-1988

Population and Employment

For the Last Ten Calendar Years **Table XII**
(Expressed in Thousands Except Unemployment Rate)

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Population	2,625	2,624	2,613	2,598	2,581	2,569	2,548	2,523	2,508	2,488
Employed	1,034	1,020	1,011	958	929	947	971	982	965	935
Unemployed	117	135	116	116	134	117	88	79	59	71
Total Labor Force	1,151	1,155	1,127	1,074	1,063	1,064	1,059	1,061	1,024	1,006
Mississippi Unemployment Rate	10.2%	11.7%	10.3%	10.8%	12.6%	11.0%	8.3%	7.4%	5.8%	7.1%
U.S. Unemployment Rate	6.2%	6.9%	7.1%	7.5%	9.6%	9.7%	7.6%	7.1%	5.8%	6.1%

Source: Population -- U.S. Department of Commerce, Bureau of the Census
Employed, Unemployed, Mississippi Unemployment Rate, U.S. Unemployment Rate -- Calendar Years 1978-1987 -- Mississippi Employment Security Commission

Principal Industrial Employers

(Ranked by Number of Employees) **Table XIII**

Company	Number of Plants	Number of Employees
Litton Industries	1	10,000
Mohasco Corporation	6	3,667
Georgia-Pacific Corporation	17	2,623
International Paper Company	5	2,601
General Motors Corporation	4	2,290
Emerson Electric Company	3	2,009
Movie Star, Incorporated	12	1,924
I. C. Isaacs and Company, Inc.	4	1,820
Kellwood Corporation	6	1,746
Sara Lee Corporation	2	1,726
United Technologies Corporation	1	1,650
Garan Incorporated	7	1,606
Delta Catfish Processors, Inc.	3	1,600
Bench Craft, Inc.	6	1,542
Action Industries, Inc.	2	1,535
Mason & Hanger - Silas Mason Company, Inc.	1	1,500
Peavey Electronics Corporation	3	1,490
Universal Manufacturing Corporation	3	1,480
Masonite Corporation	3	1,360
B. C. Rogers Poultry, Inc.	4	1,320
Lennox Industries	1	1,300
Red Cap Industries	7	1,299
Croft Metals, Inc.	2	1,250
Prentiss Manufacturing Company	4	1,235
McCarty Farms, Inc.	5	1,208

Source: Mississippi Research and Development Center
1988 Mississippi Manufacturers' Directory

Public School Enrollment

For the Last Ten Academic Years

Table XIV

Academic Year	Kindergarten	Grades 1-3	Grades 4-6	Grades 7-9	Grades 10-12	Special Education	Total Enrollment
1987-1988	37,920	128,742	115,624	113,426	98,190	11,648	505,550
1986-1987	33,528	126,979	113,913	114,715	98,719	10,785	498,639
1985-1986	*	125,069	109,173	118,579	96,675	10,135	459,631
1984-1985	*	122,053	109,065	122,896	95,537	9,498	459,049
1983-1984	*	120,601	110,119	125,175	96,911	8,466	461,272
1982-1983	*	116,044	114,975	125,046	98,720	7,796	462,581
1981-1982	*	115,580	119,551	122,844	100,986	7,560	466,521
1980-1981	*	115,279	122,113	124,009	103,507	7,396	472,304
1979-1980	*	120,244	122,018	127,640	105,093	7,046	482,041
1978-1979	*	124,952	119,966	132,733	106,504	7,285	491,440

Source: Mississippi State Department of Education

* The Education Reform Act of 1982 required public kindergartens beginning with the 1986/1987 academic year.

Full-time Equivalent Student Enrollment — Community and Junior Colleges

For the Last Ten Academic Years **Table XV**

Junior College	1987/1988	1986/1987	1985/1986	1984/1985
Coahoma Junior College	1,669	1,649	1,559	1,308
Copiah-Lincoln Community College	2,035	1,931	1,783	1,926
East Central Community College	1,422	1,207	1,175	1,135
East Mississippi Community College	1,336	1,251	1,010	1,010
Mississippi Gulf Coast Community College	8,042	7,600	7,086	7,230
Hinds Community College	8,988	8,374	7,221	7,672
Holmes Junior College	1,519	1,592	1,174	922
Itawamba Community College	3,111	2,951	2,821	2,970
Jones Junior College	3,290	2,899	2,551	2,710
Meridian Community College	2,463	2,058	2,903	3,025
Mississippi Delta Junior College	2,440	2,403	2,126	2,204
Northeast Mississippi Community College	3,224	2,965	3,117	2,749
Northwest Mississippi Community College	3,343	3,180	3,994	3,603
Pearl River Community College	2,725	2,559	2,167	2,366
Southwest Mississippi Community College	1,337	1,268	1,220	1,242
Utica Junior College	*	*	*	*
Total Community and Junior Colleges	46,944	43,887	41,907	42,072

Source: Mississippi State Department of Education

* Hinds and Utica Organized Into a Unitary District

Full-time Equivalent Student Enrollment — Universities

For the Last Ten Academic Years **Table XVI**

University	1987/1988	1986/1987	1985/1986	1984/1985
Alcorn State University	2,377	2,247	2,285	2,199
Delta State University	2,951	2,842	2,627	2,892
Jackson State University	5,396	5,542	5,689	5,419
Mississippi University for Women	1,451	1,443	1,591	1,688
Mississippi State University	11,081	10,481	10,812	10,818
Mississippi Valley State University	1,829	1,953	2,080	2,280
University of Mississippi	8,633	8,439	8,393	8,100
University of Southern Mississippi	9,295	10,004	9,987	10,186
Total Universities	43,013	42,951	43,464	43,582
University of Mississippi Medical School	1,412	1,508	1,638	1,737

Source: Board of Trustees of State Institutions of Higher Learning, State of Mississippi

1983/1984	1982/1983	1981/1982	1980/1981	1979/1980	1978/1979
1,967	2,043	1,895	1,805	1,830	1,579
1,996	1,956	1,728	1,948	1,756	1,733
1,044	883	792	770	857	787
991	1,220	1,222	1,216	1,122	1,344
7,732	6,912	7,143	6,666	5,936	6,066
8,300	8,848	6,827	6,590	6,211	6,009
1,212	1,263	1,212	1,311	1,203	1,169
2,933	3,585	3,391	3,401	3,288	2,772
2,761	2,730	2,624	2,638	2,700	2,869
3,223	3,141	3,050	2,799	2,513	2,396
2,174	2,357	2,233	2,162	1,976	1,956
2,731	2,895	2,645	2,542	2,249	1,975
4,845	4,494	4,100	3,845	3,448	3,332
2,366	2,418	2,699	2,599	2,525	2,033
1,345	1,323	1,259	1,184	1,176	1,236
*	*	1,301	1,282	1,389	1,097
45,620	46,068	44,121	42,758	40,179	38,353

1983/1984	1982/1983	1981/1982	1980/1981	1979/1980	1978/1979
2,375	2,277	2,241	2,208	1,942	2,108
2,841	2,701	2,604	2,558	2,465	2,265
5,576	5,756	6,156	6,035	6,622	6,666
1,798	1,516	1,600	1,772	1,973	2,234
11,378	11,172	10,714	10,555	10,530	10,367
2,445	2,092	2,353	2,421	2,609	2,745
8,554	8,818	8,927	8,944	9,040	9,080
10,276	9,870	9,503	9,245	9,079	8,614
45,243	44,202	44,098	43,738	44,260	44,079
1,759	1,733	1,680	1,617	1,512	1,498